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No securities commission or similar authority in Canada has in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence. These securities are offered by this prospectus only in jurisdictions where they may be lawfully offered.

NEW ISSUE

REVENUE PROPERTIES COMPANY LIMITED

(Incorporated under the laws of the Province of Ontario)

4,689,254 Common Shares
without par value

All of the common shares offered by this prospectus are offered by Revenue Properties Company Limited to the holders of its Sub-series I, II, III and IV Series A, B, C and D 9% Convertible Sinking Fund Debentures who elect to convert the principal amount thereof into such common shares upon the terms and conditions and in the manner provided in the Deed of Trust and Mortgage securing the same. All of the common shares into which such Debentures are so converted are qualified for sale to the public in Ontario by virtue of this Prospectus (see "Reasons For The Filing of This Prospectus" on page 11).

September 12, 1973.

CONTENTS

No securities commission or similar authority in Canada has in any way passed upon the merits of the securities offered by the Prospectus of the Company dated September 12, 1973 as amended by this First Amendment thereto and any representation to the contrary is an offence. These securities are offered by the Prospectus, as amended hereby, only in jurisdictions where they may be lawfully offered.

NEW ISSUE

REVENUE PROPERTIES COMPANY LIMITED

(Incorporated under the laws of the Province of Ontario)

4,689,254 Common Shares
without par value

FIRST AMENDMENT DATED NOVEMBER 12, 1973 TO PROSPECTUS DATED SEPTEMBER 12, 1973

EXERCISE OF 1961 WARRANTS

On November 2, 1973 Westok Holdings Limited, one of the "Rubin Interests", exercised 1961 Warrants of Revenue Properties entitling the holder to purchase, in the aggregate, 1,061,400 common shares of Revenue Properties. The exercise price paid to Revenue Properties aggregated $1,194,075 and 1,061,400 common shares were issued to Westok Holdings Limited.

In accordance with the anti-dilution provisions attached to the 1961 Warrants, there was also issued to Westok Holdings Limited upon the exercise of such warrants an aggregate of 22,112½ 6% Cumulative Redeemable Second Preference Shares of Revenue Properties with a par value of $10 each, all of which were redeemed at par upon their issuance. Accordingly, Westok Holdings Limited received, upon the exercise of such Warrants, the aggregate sum of $221,125, with the result that the consideration paid by Westok Holdings Limited for such 1,061,400 common shares aggregated $972,950 or approximately .9167¢ per common share.

On November 2, 1973 the 1,061,400 common shares issued to Westok Holdings Limited were deposited with National Trust Company, Limited as Depository pursuant to the Voting Trust Agreement referred to on page 15 of the Prospectus.

The "Rubin Interests" still own 1965 Warrants of Revenue Properties entitling the holder to purchase 498,000 common shares. All of such Warrants are owned by Westok Holdings Limited.

The Prospectus is hereby amended as follows:

(a) **Capitalization**

The number of common shares subject to issuance upon exercise of the Series A 1961 Warrants, shown in the table appearing on page 10 of the Prospectus, has at the date hereof been reduced by exercises of the Series A 1961 Warrants to 13,914 common shares. The remaining outstanding Series A 1961 Warrants expire on November 15, 1973, and there are reserved for issuance, upon the exercise thereof, 289.75 Second Preference Shares, par value $10 each.

The authorized number of Second Preference Shares, par value $10 each, shown in the table appearing on page 10 of the Prospectus, has been reduced to 291,852.5 shares, as a result of there having been issued upon the exercise of the Series A 1961 Warrants, an aggregate of 22,125 Second Preference Shares, all of which have been redeemed at par.

The outstanding number of common shares without par value of Revenue Properties, shown in the table appearing on page 10 of the Prospectus, has been increased to 14,124,897 common shares and the common share capital of Revenue Properties has increased to $27,311,479, all as a result of the issuance of common shares pursuant to exercises of the Series A 1961 Warrants.

(b) **Principal Holders of Common Shares and Voting Trust Agreement**

There are now deposited pursuant to the Voting Trust Agreement referred to on page 15 of the Prospectus an aggregate of 5,082,217 common shares, being equal to approximately 35.98% of the total outstanding common shares, of Revenue Properties, and the number of common shares beneficially owned by Westok Holdings Limited and deposited pursuant to the Voting Trust Agreement, as shown in the table appearing on page 14 of the Prospectus, has increased from 2,131,037 common shares, being equal to approximately 16.32% of the total outstanding common shares, to 3,192,437 common shares, which is equal to approximately 22.6% of the total outstanding common shares, of Revenue Properties. The total number of common shares now deposited pursuant to the Voting Trust Agreement by the "Rubin Interests" has increased to 3,976,413 common shares, or approximately 28.3% of the total outstanding common shares, of Revenue Properties. The percentage of the total outstanding common shares of Revenue Properties represented by the 1,105,804 common shares owned by the Goldhar Interests and deposited pursuant to the Voting Trust Agreement has, as a result of the increase in the number of outstanding shares of Revenue Properties, been decreased from 8.47% to 7.8% of the total outstanding common shares of Revenue Properties.

ASSEMBLY IN THE COUNTIES OF NORFOLK AND HALDIMAND, ONTARIO

The Company, on behalf of the Consortium has re-optioned approximately 11,000 of the originally optioned 14,000 acres of land adjacent to the Nanticoke industrial development on Lake Erie in the Province of Ontario. Such re-optioning was made at a cost to the Company of approximately $4,000 in the aggregate, and the exercise prices of the options now average approximately $1,900 per acre. The bulk of such options expire on May 30, 1974, and none expire prior to December 31, 1973.

OTHER MATERIAL FACTS

There are no other material facts not contained in the Prospectus and this First Amendment to the Prospectus. This First Amendment to the Prospectus is hereby incorporated into the Prospectus and is to be read together with the Prospectus.

DATED the 12th day of November, 1973.

CERTIFICATE OF REVENUE PROPERTIES

The foregoing, when read together with the Prospectus, constitutes full, true and plain disclosure of all material facts relating to the securities offered by the Prospectus as required by Part VII of The Securities Act and the regulations thereunder.

"M. GOLDHAR"
President

"C. H. TOD"
Vice-President

On Behalf of the Board

"RICHARD A. BAIN"
Director

"PAUL W. HELLEN"
Director

THE COMPANY

Revenue Properties Company Limited ("Revenue Properties" or, together with its subsidiaries unless the context otherwise indicates, the "Company") was incorporated under the laws of the Province of Ontario by letters patent dated August 24, 1961, and maintains its principal and head office at 12 Sheppard Street, Toronto, Ontario M5H 3A1.

The Company is a diversified real estate enterprise engaged in acquiring undeveloped land and subdividing and improving it for sale to other builders; developing income producing commercial, industrial and residential properties, both for its own account and for sale to others; building and marketing single-family housing; constructing buildings for its own account and for sale to others; and providing a complete range of property management services for itself and others. The Company employs experienced contractors in connection with the construction of its projects, other than industrial buildings and single-family housing for which the Company acts as its own general contractor.

BUSINESS OF THE COMPANY

History

Shortly after its incorporation Revenue Properties acquired a group of 57 industrial and commercial properties from companies owned by Alex J. Rubin and Harry Rubin, who had been engaged in various aspects of the real estate business since 1952. In 1962 Revenue Properties acquired from the Rubins all of the shares of The Rubin Corporation Limited (now Revenue Properties Central Developments Limited), a real estate development company, with the intention of carrying on the real estate development business through that company. By January of 1969 the Company was involved in all phases of the real estate business with operations in Canada, the United States and Israel and with gross assets of $172 million and shareholders' equity of $29.5 million. At this time Revenue Properties had completed a public offering in the United States of 500,000 common shares at the price of $17.00(U.S.) per share, and the common shares of Revenue Properties were listed and traded on the American Stock Exchange and on The Toronto Stock Exchange.

On April 18, 1969 the American Stock Exchange suspended trading in the common shares of Revenue Properties. On May 8, 1969 the Securities and Exchange Commission commenced proceedings in the United States against Revenue Properties and certain of its shareholders and their affiliates alleging, inter alia, the sale by the defendants of common shares of Revenue Properties in violation of the Securities Act of 1933. The defendants consented to an injunction permanently enjoining them from selling any shares of Revenue Properties in violation of the provisions of the 1933 Act.

In June, 1969 the Ontario Securities Commission instituted proceedings against Revenue Properties alleging that its 1968 consolidated financial statements had contravened the provisions of The Securities Act, 1966, in that, inter alia, an inter-company profit of $727,000 had not been reversed in arriving at 1968 consolidated earnings. Revenue Properties was subsequently found guilty by the Ontario Court of Appeal and was fined $25,000.

In July, 1969 the first of a total of 25 private civil actions was commenced in the United States in respect of losses allegedly incurred by persons who purchased common shares of Revenue Properties during certain periods and who had sold such shares at a loss or who held such shares at a loss. Named as defendants in one or more of the actions were Revenue Properties, its officers and directors, The Alex J. Rubin Family Trust and The Harry Rubin Family Trust and their then Trustees, the underwriters of the public offering of common shares in the United States and Touche, Ross & Co. (previously known as Touche, Ross, Bailey & Smart), who were then the

Company's auditors. The complaints alleged, inter alia, that the United States registration statement of Revenue Properties, effective November 12, 1968, the prospectus included therein, and periodic reports filed and circulated by Revenue Properties disclosing the results of its operations for 1968 and previous years, were false and misleading.

On July 17, 1969 Kaufman and Broad, Inc. advanced to Revenue Properties $4.8 million and Revenue Properties agreed to repay $5 million to Kaufman and Broad, Inc. on July 15, 1970 together with interest at 8¾% per annum.

On November 25, 1969 The Toronto Stock Exchange suspended trading in the common shares of Revenue Properties because it had not complied with the Exchange's requirements with respect to the holding of an annual meeting of shareholders.

In January, 1970 Touche, Ross & Co. resigned as auditors and withdrew their reports on all financial statements of the Company audited by them.

In February, 1970 the Company sold to Kaufman and Broad Limited, a subsidiary of Kaufman and Broad, Inc., certain development properties and its interest in Victoria Wood Development Corporation Limited. The proceeds of the sale aggregated approximately $9.5 million, and were applied, inter alia, to repay the $5 million loan from Kaufman and Broad, Inc.

During 1970 and 1971 the Company sold other development properties, certain income producing properties and mortgages receivable and the shares of certain other subsidiaries in order to provide cash to cover its operating losses and debenture sinking fund payments. By December 31, 1971 gross assets had been reduced to approximately $87 million and shareholders' equity had shrunk to approximately $11 million. Operating losses for the 21 months ended December 31, 1971 (as restated at December 31, 1972) aggregated approximately $5 million.

On March 11, 1970 the Company, with the assistance of the Institute of Chartered Accountants of Ontario, appointed Thorne Gunn & Co. (then Thorne, Gunn, Helliwell & Christenson) as auditors of the Company. Because of the withdrawal by Touche, Ross & Co. of their reports and their refusal to make available detailed information relating to previous audits, the new auditors had no recognized point from which to start. They accordingly recommended that, considering the condition of the Company's records, the turnover in the Company's staff at all levels and the time and probable cost of an audit sufficient to allow them to report on the results of operations, their work should initially be restricted to verification of the Balance Sheet of Revenue Properties and its consolidated subsidiaries which was being prepared as at March 31, 1970. This recommendation was adopted by the Company.

By July, 1971 the initial audit of Thorne Gunn & Co. was completed, and a report containing the audited Balance Sheet of Revenue Properties and its consolidated subsidiaries as at March 31, 1970 was mailed to the shareholders of Revenue Properties in that month. In August, 1971 the auditors commenced their audit of the financial statements of Revenue Properties and its consolidated subsidiaries for the nine months ended December 31, 1970. This audit was completed on April 26, 1972, and a report containing such financial statements was mailed to the shareholders of Revenue Properties in May, 1972.

In 1972 final judgements were entered by the United States District Court for the District of Massachusetts in 24 of the 25 private civil actions which had been commenced in various United States District Courts in respect of losses incurred in respect of common shares of Revenue Properties and which had been transferred to that Court for consolidated pre-trial proceedings. Such final judgements, made by Settlement Order, became non-reviewable and non-appealable on February 11, 1972, as to representative actions, and on March 13, 1972, as to individual actions. Pursuant to an agreement relating to such Settlement Order, Revenue Properties contributed $1,050,000 on behalf of itself and Alex J. Rubin, Harry Rubin, The Alex J. Rubin Family Trust and The Harry Rubin Family Trust, as Revenue Properties' share of the total settlement with plaintiffs of $8,750,000.

Revenue Properties had commenced negotiations in August, 1971 with representatives of certain of the holders of its outstanding Series A, B, C and D Senior Sinking Fund Debentures, with a view to obtaining an extension of the maturity thereof and extensive amendments to the Deed of Trust and Mortgage securing the same. By February, 1972, tentative agreements had been reached with respect to the terms of such extensions and amendments and the conditions upon which the same would be recommended by such representatives. Such conditions included Revenue Properties raising at least an additional $1 million of equity capital, and the execution of a satisfactory voting trust agreement whereby the voting rights to all common shares of Revenue Properties owned by Alex J. Rubin, Harry Rubin and family trusts and corporations associated with them would be vested in a voting trustee satisfactory to such representatives.

One of the terms of the proposed extensions and amendments was that the debentures be made convertible into common shares of Revenue Properties, and in connection therewith an application was made to the Ontario Securities Commission for an order of exemption permitting, inter alia, Revenue Properties granting a conversion privilege to the holders of the debentures and permitting the issuance of common shares pursuant to the exercise of the conversion privilege to be granted. On May 5, 1972 the Ontario Securities Commission granted the order applied for, subject to various conditions, all of which were subsequently met.

Subsequently a voting trust agreement was executed in favour of Maxwell Goldhar, the terms of which are outlined under the heading "Voting Trust Agreement" on page 15. Maxwell Goldhar had acted as financial consultant to the Company since January, 1971, and was appointed President of Revenue Properties on June 28, 1972.

On July 4, 1972 the holders of the Series A, B, C and D Senior Sinking Fund Debentures approved the extensions and amendments sought, subject to various conditions which had been agreed to by Revenue Properties, all of which were subsequently met. The extensions and amendments are outlined in notes 15 and 18 of the Consolidated Financial Statements of Revenue Properties and its subsidiaries which appear on pages 39 and 44 hereof.

The conditions precedent to the effectiveness of the extensions and amendments necessitated that a meeting of the shareholders of Revenue Properties be held no later than August 15, 1972 to approve such extensions and amendments; authorize an increase in Revenue Properties' authorized common share capital to 20 million common shares and approve a rights offering on the terms outlined below. Because Revenue Properties' financial statements were not current, management was put in the position of not being able to solicit proxies for the shareholders' meeting from American shareholders without being in violation of the requirements of the Securities Exchange Act of 1934. The Business Corporations Act of Ontario, on the other hand, required, as a condition of the validity of a meeting of the shareholders of an Ontario corporation, that management solicit proxies from all shareholders. Under the circumstances management was forced to solicit proxies from American shareholders and so advised the staff of the Securities and Exchange Commission prior to the time that notice of the meeting of shareholders was mailed. The meeting was called for August 4, 1972. After notice of the meeting had been given the Securities and Exchange Commission obtained an injunction prohibiting the use by management of proxies for the meeting which had been given by Americans (which injunction was complied with) and Revenue Properties and Maxwell Goldhar subsequently consented to a judgement of permanent injunction whereby each is permanently enjoined from violating the proxy solicitation provisions of the 1934 Act.

The August 4, 1972 shareholders' meeting was held, and the matters for which the meeting had been called were passed.

After the August 4, 1972 shareholders' meeting a rights offering was made to all common shareholders of record on August 4, 1972, whereby they were entitled to purchase 1 common share for 50¢ in respect of each 10 common shares held of record as at that date. An aggregate of 1,096,627 common shares were offered for subscription pursuant to the rights offering, and 990,823 common shares were subscribed for and issued pursuant to the exercise of such rights.

Pursuant to an agreement dated as of June 20, 1972, First Canada Financial Corporation Limited subscribed for and was issued the 105,804 common shares which had been reserved for issuance under the rights offering but which had not been subscribed for. Pursuant to agreements dated as of February 8, 1972, an additional 1 million common shares were issued at a price of 50¢ per common share to First Canada Financial Corporation Limited (as to 500,000 shares), Danarah Holdings Limited (as to 300,000 shares) and Two Kiss Holdings Limited (as to 200,000 shares), all of which corporations are associated with Maxwell Goldhar or members of his family (see "Particulars of Relationships" on page 14).

Because of the difficulties encountered in publishing audited financial statements, Revenue Properties was unable to file certain periodic financial reports with the Securities and Exchange Commission and the American Stock Exchange. On August 23, 1972 an injunction was consented to by Revenue Properties whereby it is enjoined from violating the provisions of the Securities Exchange Act of 1934 which require it to file such reports. Such injuncton also required Revenue Properties to file with the Securities and Exchange Commission and disseminate to its shareholders not later than December 4, 1972 an unaudited financial statement for the first nine months of 1972 and a description of the assets and current operations of the Company. This requirement was complied with.

The injunction also ordered that Revenue Properties comply (subject to specific exceptions for the 1973 year) with the periodic reporting requirements of the 1934 Act and ordered Revenue Properties to file by March 30, 1973 Form 10-K Annual Reports for the fiscal years ended December 31, 1971 and December 31, 1972.

Revenue Properties filed a Form 10-K Annual Report for the fiscal year ended December 31, 1971 and filed a Form 10-K Annual Report for the fiscal year ended December 31, 1972, except that the 1972 Annual Report when filed did not contain the required certified financial statements. Revenue Properties subsequently filed the required financial statements, after a delay of about three months. The Securities and Exchange Commission refused an extension of time for filing such statements and may be considering what action it should take against Revenue Properties for failure to comply in time with this requirement of the injunction.

On June 4, 1973 the auditors of the Company completed their audit of the 1972 Consolidated Financial Statements of Revenue Properties and its subsidiaries, and such financial statements were mailed to all shareholders on June 8, 1973. An annual and general meeting of the shareholders was held on June 29, 1973, the first annual meeting of the shareholders to be held in compliance with the requirements of The Business Corporations Act since 1968.

At the present time the common shares of Revenue Properties are still listed on both the American Stock Exchange and The Toronto Stock Exchange, but trading on both exchanges is still suspended. In February, 1973, Maxwell Goldhar, as President of Revenue Properties, met with officials of the American Stock Exchange at their request to show cause why the common shares of Revenue Properties should not be delisted. To the best of management's knowledge, no decision has yet been reached. Management has had discussions with officials of The Toronto Stock Exchange with a view to securing a reinstatement of trading on that Exchange, and a decision is now pending.

Income Producing Properties Held for Investment

Industrial Properties

The Company owns 60 industrial properties comprising an aggregate of 2,099,557 rentable square feet of space, 99% of which is currently leased for terms of up to 15 years. As at December 31, 1972 the book value of such properties aggregated $15,673,000 after deduction of accumulated depreciation of $2,911,000. The following table sets forth particulars of such properties. Details of the Company's land lease obligations may be found in note 19 to the Consolidated Financial Statements appearing on page 46 hereof.

INDUSTRIAL BUILDINGS, TORONTO, ONTARIO:	Year Completed	Rentable Area (approx. sq. ft.)	Ground Lease Terminates
94/110 Beaver	1940	25,484	Owned
139 Bermondsey	1966	7,095	"
143 Bermondsey	1952	10,472	"
10 Bertal	1954	15,922	"
22 Bertal	1954	12,780	"
50 Bertal	1955	8,105	"
60 Bertal	1956	27,619	"
3 Bestobell	1954	16,175	"
20 Bethridge	1955	13,379	"
1250 Birchmount	1955	9,625	"
127 Brockhouse	1970	30,800	"
840 Caledonia	1953	10,011	"
1179 Caledonia	1955	31,251	"
23 Civic	1956	14,800	"
10 Constellation	1967	49,050	"
21 Coronet	1958	15,627	"
31-33 Coronet	1956	12,032	"
25 Densley	1953	15,500	"
520-524 Ellesmere	1964	22,133	"
518 Evans	1954	15,636	"
53 Fraser	1915	171,208	"
55 Glen Cameron (50% interest)	1972	54,650	"
10 Gurney	1957	47,105	"
23 Gurney	1955	14,536	"
41 Gurney	1955	12,521	"
74 Industry	1954	20,464	"
221 Keelesdale	1956	27,667	"
2135 Lawrence Avenue East	1957	24,259	"
6 Leswyn	1957	4,230	"
84 Northline	1956	15,604	"
496 Queen Street East	1900	124,049	"
4 Racine	1954	12,001	"
12 Raitherm	1954	12,000	"
1122 Roselawn	1936	4,000	"
91 Scarsdale	1957	18,700	"
90 Sumach	1957	240,000	"
127 Sunrise	1964	19,080	"
131 Sunrise	1964	19,098	"

INDUSTRIAL BUILDINGS, MONTREAL, QUEBEC:	Year Completed	Rentable Area (approx. sq. ft.)	Ground Lease Terminates
Airport Industrial Estates (Cote de Liesse Road at 23rd Avenue, Dorval)			
Phase I	1967	51,466	2019
" II	1968	30,381	2019
" III	1968	31,933	2019
" IV	1969	31,933	2019
" V	1969	64,736	2019
" VI	1969	55,100	2019

INDUSTRIAL BUILDINGS, MONTREAL, QUEBEC:	Year Completed	Rentable Area (approx. sq. ft.)	Ground Lease Terminates
Airport Industrial Estates (Cote de Liesse Road at 23rd Avenue, Dorval)			
Phase VII (office building)	1969	16,478	2019
" VIII	1970	66,542	2019
" IX	1970	52,660	2019
" X (office building)	1970	17,472	2019
" XI	1972	63,229	2020
" XII (80% completed and leased)	1973	62,380	2020
Capitol Records Building	1969	19,178	2020
800-824 DesLauriers Street, St. Laurent	1966	93,846	Owned
641 Orly Street, Dorval	1964	25,546	"
655-671 Orly Street, Dorval	1964	25,520	"
8355 Mountview Road, Mt. Royal	1965	35,809	"
9021-9041 Salley St., LaSalle	1969	48,601	"
939 Upton St., Ville LaSalle	1964	9,272	"

INDUSTRIAL BUILDINGS, OTHER LOCATIONS:	Year Completed	Rentable Area (approx. sq. ft.)	Ground Lease Terminates
404 - 42nd Street South-East, Calgary	1970	16,980	Owned
99 Orenda Road, Brampton, Ontario	1963	24,488	"
Old Kingston Road, Port Hope, Ontario	1957	51,339	"

Commercial Properties

The Company owns 6 commercial properties comprising an aggregate of 379,636 rentable square feet of space, all of which is currently leased for terms of up to 23 years. As at December 31, 1972 the book value of such properties aggregated $8,156,000 after deduction of accumulated depreciation of $772,000. The following table sets forth particulars of such properties.

COMMERCIAL BUILDINGS:	Year Completed	Rentable Commercial Area (approx. sq. ft.)	Lease Terminates
City Hall, Saint John, New Brunswick	1971	201,426	Owned
110 Adelaide St. East, Toronto, Ontario	1957	29,529	"
507 College Street, Toronto, Ontario	1920	90,000	"
421 Yonge Street, Toronto, Ontario	1970	7,400	2020
Chateau Plaza, Pittsburgh, Pa.	1964	42,809	2063
665-669 Stafford St., Winnipeg, Man.	1956	8,472	Owned

Mortgage Indebtedness

As at December 31, 1972 the principal amount of mortgages payable which were secured by the Company's 60 industrial properties and 6 commercial properties aggregated $15,325,000.

Commercial and Residential Property

The Company owns The Colonnade, which is a mixed commercial and residential tenancy building situated at 131 Bloor Street West, Toronto, Ontario. The Colonnade was completed in 1963, contains 156 residential units and 74,240 rentable square feet of space, all of which is currently leased for terms of up to 10 years. The land is held in leasehold under a lease expiring in 2060. As at December 31, 1972 The Colonnade has a book value of $5,638,000 (after deduction

of accumulated depreciation of $1,536,000) and the principal amount of the mortgages payable which are secured thereby aggregates $5,426,000.

Leasebacks and Similar Obligations

The following table sets forth details of buildings sold (and in one case leased under long term lease) and leased back by the Company. Certain properties summarized in this table are not leased back by the Company, but are managed by the Company for the purchasers for stated terms of up to 50 years under agreements guaranteeing a stated return. Details of the Company's leaseback obligations as at December 31, 1972 may be found in notes 10(d) and 19 to the Consolidated Financial Statements appearing on pages 37 and 46 hereof. These buildings are presently 98% leased. On balance the Company has incurred losses in respect of these buildings in recent years. Management anticipates that these buildings will produce a modest positive cash flow in the present and future years.

Properties Sold or Leased and Leased Back or Managed

RESIDENTIAL, TORONTO, ONTARIO:	Year Completed	No. of Units	% of Company Interest	Lease Terminates
5 Brookbanks	1968	123	50%	1974
15 Brookbanks	1968	135	50%	1974
630 Roselawn	1961	105	100%	1987
11 Valleywoods	1966	209	100%	1997
43 Valleywoods	1965	102	100%	2064
1215 York Mills	1965	143	100%	1979
OTHER LOCATIONS:				
Brentwood Park, Halifax, N.S.	1961	240	100%	1987
55 Magazine Street, Saint John, N.B.	1966	152	100%	1999

COMMERCIAL, TORONTO, ONTARIO:	Year Completed	Rentable Area (approx. (sq. ft.)	Lease Terminates
1935-1945 Leslie St.	1966	9,344	1986
341 Bloor Street West	1968	6,000	1998
HALIFAX, N.S.:			
1 Sackville Place	1967	31,700	1999
5614 Fenwick Street	1966	16,100	1999
1649 Hollis Street	1970	100,700	1999
EDMONTON, ALTA.:			
112th Ave. and 158th St.	1957	69,217	1978
INDUSTRIAL, TORONTO, ONTARIO:			
150 Bartley	1963	54,396	1980
25 Bertal	1968	99,410	1987
21 Constellation	1969	49,175	1999
22-24 Constellation	1967	33,502	1999
31 Constellation	1966	17,967	1999
68-70 Industry	1966	40,960	1989
1885-1933 Leslie	1966	75,505	1986
1947-1973 Leslie	1966	49,587	1986

INDUSTRIAL, TORONTO, ONTARIO:	Year Completed	Rentable Area (approx. (sq. ft.)	Lease Terminates
1977-2001 Leslie	1968	74,281	1987
66 Lesmill	1967	31,579	1999
88-90 Lesmill	1968	30,731	1999
106 North Queen	1951	39,936	1978
29 Rangemore	1968	19,058	1999
20-28 Torlake	1965	28,682	1980
30-40 Torlake	1965	24,499	1980
MONTREAL, QUEBEC:			
5796 Ferrier	1958	14,135	1978
1110 Norman	1959	138,948	1989

Land Held for Sale or Development

At August 31, 1973, the Company held lands for development as shown in the following table. The Company plans to subdivide the lands for residential, industrial and commercial uses by arranging for rezoning as required and registering plans of subdivision thereon. The Company also holds options on behalf of itself and others to purchase approximately 14,000 acres in Norfolk and Haldimand Counties, and has agreed on behalf of itself and others to purchase 152 acres in the same area, particulars of all of which are given hereafter.

To be developed in 1973:	Zoned	Approx. Number of Acres	Co. % Share Profits	Proposed Use
Orangeville, Ontario	Yes	7	70	Commercial and Residential
Barrie, Ontario	Yes	10	70	Residential
Guelph, Ontario	Yes	15	75	Commercial and Residential
Toronto, Ontario	Yes	15	90	Residential
Montreal, Quebec	Yes	9	100	Industrial and Commercial
For future development:				
Guelph, Ontario	No	875	75	Multiple use
Acton, Ontario	No	94	75	Residential
Toronto, Ontario	Yes	9	100	Residential
Vaughan, Ontario	No	210	40	Multiple use
Pickering, Ontario	No	300	75	Multiple use
Toronto, Ontario	Yes	0.4	50	Commercial
Montreal, Quebec	Yes	4	100	Industrial
Oakville, Ontario	No	80	37.5	Commercial and Residential
Century City	No	5500	76.25	Multiple use

Century City

In 1968 and early 1969 the Company, through its 76.25% owned subsidiary Century City Developments Limited, assembled approximately 6,600 acres of land in and adjacent to the Township of Uxbridge, Ontario, with the intention of developing a satellite city near Toronto.

In February, 1970 an agreement was entered into between Century City Developments Limited and Kaufman and Broad Limited, under which the latter was to make advances to Century City Developments Limited of up to $800,000 in any year in return for 50% of profits as defined. The advances were to bear interest at 6¾% per annum. In May, 1970 the Government of the Province of Ontario announced its "Design for Development — The Toronto-Centred Region"

which had the effect of freezing development on the Century City lands. Upon release of the Government announcement, Kaufman and Broad Limited stopped making advances under the agreement and Century City Developments Limited ceased making regular payments on mortgages owing by it and secured by the lands. No significant payments on mortgages have been made since that time and at December 31, 1972 arrears of interest and principal amounted to approximately $2,000,000. Certain mortgagees have commenced proceedings and issued writs of foreclosure to enforce their security. The Company is defending these actions. Realty taxes on these lands are mostly unpaid since December 31, 1970.

In March, 1972 the Government of Canada and the Province of Ontario jointly announced that a new Toronto international airport would be located in the Township of Pickering adjacent to the Century City lands. The Government of Canada then advised Century City Developments Limited of its intention to expropriate approximately 1,600 acres of its land. In May, 1973 the Government of Canada indicated that it was prepared to pay approximately $2,600,000 as total compensation for all interests in approximately 1,100 acres of Century City land which it expropriated for the new airport. Century City will have one year in which to negotiate a settlement for any claims which it may have for additional compensation or to commence proceedings in the Federal Court. Approximately $1,600,000 of the amount must be used to pay encumbrances and real estate taxes on the lands expropriated. The Government of Canada has also offered to purchase at a reasonable price an additional 500 acres originally subject to the notice of intention to expropriate. The offer remains available until January 31, 1974.

Land use controls currently under consideration by the Ontario Government have created some uncertainties as to the future uses of Century City real estate. Accordingly the future realizable value of this property cannot be reasonably determined at this time.

Assembly in the Counties of Norfolk and Haldimand, Ontario

In May, 1973, the Company on behalf of itself and Victoria Wood Development Corporation Inc., Sifton Properties Limited and The Metropolitan Trust Company (the "Consortium") optioned approximately 14,000 acres of land adjacent to the Nanticoke industrial development on Lake Erie in the Province of Ontario. The land was assembled for the development of a city of between 250,000 and 300,000 people which Government studies indicate will be needed to serve the new industrial development which will be started in 1973 or 1974.

The site was carefully chosen after a thorough study of all available reports and on the recommendation of Professor Norman Pearson, Chartered Town Planner and a member of the Faculty of the University of Western Ontario. The Consortium believes that the site chosen is superior to all other alternatives in terms of land costs, ecological preserves and positioning.

The Government of the Province of Ontario subsequently announced that an alternate site had been recommended by its planners but that in making the final site selection it would be guided by the wishes of local interests.

The options expire on October 31, 1973 and were obtained at a cost of $2.00 per acre paid to the owners plus costs of assembly. Exercise prices average about $1,600 per acre. The Consortium is actively negotiating at all levels to obtain the necessary approvals so that a new city may be developed on its site. If and when these approvals are obtained and the nature and scope of government participation is known, the extent of each Consortium member's participation will be determined and responsibilities will be assigned within the Consortium for each phase of development. At the present time the Company has incurred all costs of the assembly, and has no agreement with the other Consortium members with respect to the apportionment of such costs in the event the development is not proceeded with.

In July and August, 1973 the Company, on behalf of itself, Victoria Wood Development Corporation Inc. and Sifton Properties Limited (each as to a one-third interest) agreed to purchase an aggregate of approximately 152 acres of land in Simcoe and Port Dover, Ontario, for an

aggregate purchase price of $2,160,000. The land was assembled for the purpose of developing and building approximately 700 housing units within the next two years, so as to accommodate the anticipated first influx of new workers into the adjacent Nanticoke industrial area.

Property Management Services

Management of the Company's income-producing properties, leasebacks and properties operated under management agreements is performed by a staff of 80 people, including Divisional Managers, Superintendents, maintenance personnel and supporting clerical staff, operating from offices in Toronto, Montreal and Halifax. Management feels that relations with tenants and others for whom property management services are provided are extremely important to the success of the Company's operations and accordingly this Division has recently been strengthened. Property management activities are expected to expand in the future as additional income-producing properties are acquired.

CAPITALIZATION

Designation of Security	Amount Authorized	Amount Outstanding Dec. 31, 1972	Amount Outstanding June 30, 1973	Amount to be Outstanding if all Series A, B, C and D 9% Convertible Sinking Fund Debentures are Converted
Common shares without par value	20,000,000	13,062,897 ($26,116,729)	13,062,897 ($26,116,729)	17,752,151 ($40,902,666)[1]
Second Preference Shares, par value $10.00 each	313,977.5	—	—	—
Warrants (shown on the basis of the number of shares subject to issuance)				
Series A 1961	1,075,914	1,075,914	1,075,914	1,075,914
Series B 1965	504,750	504,750	504,750	504,750
9% Convertible Sinking Fund Debentures:[2]				
Series A, sub-series I	$ 476,000	$ 476,000	$ 476,000	—
" A " " II	476,000	476,000	476,000	—
" A " " III	476,000	476,000	476,000	—
" A " " IV	476,000	476,000	476,000	—
" B " " I	311,750	311,750	311,750	—
" B " " II	343,500	343,500	343,500	—
" B " " III	343,500	343,500	343,500	—
" B " " IV	343,500	343,500	343,500	—
" C " " I	1,191,250	1,191,250	1,191,250	—
" C " " II	1,312,500	1,312,500	1,312,500	—
" C " " III	1,312,500	1,312,500	1,312,500	—
" C " " IV	1,312,500	1,312,500	1,312,500	—
" D " " I	953,000	953,000	953,000	—
" D " " II	1,050,000	1,050,000	1,050,000	—
" D " " III	1,050,000	1,050,000	1,050,000	—
" D " " IV	1,050,000	1,050,000	1,050,000	—
7½% Convertible Subordinated Sinking Fund Debentures		$ 986,000	$ 986,000	$ 986,000

Designation of Security	Amount Authorized	Amount Outstanding Dec. 31, 1972	Amount Outstanding June 30, 1973	Amount to be Outstanding if all Series A, B, C and D 9% Convertible Sinking Fund Debentures are Converted
Minority interests in subsidiaries:				
Common shares and surplus of consolidated subsidiary	$	$ 92	$ 92	$ 92
Common shares and surplus of unconsolidated subsidiary		10,360	10,360	10,360
First Mortgages Payable:				
7% due June 1, 1989		3,058,702	3,008,012	3,008,012
8¾% due July 1, 1996		4,251,802	4,232,234	4,232,234
Sundry loans and mortgages payable		$34,269,201	$30,115,936	$30,115,936

(1) Includes the present currency adjustment of $2,307,937 on the Series C and D Debentures.
(2) Not including the present currency adjustment of $2,307,937 on the Series C and D Debentures.

See notes 10(d) and 19 to the Consolidated Financial Statements appearing on pages 37 and 46 hereof for details of obligations as at December 31, 1972 arising by virtue of leases on real property.

See notes 13 and 14 to the Consolidated Financial Statements appearing on pages 38 and 39 hereof for details of interest rates and maturities of loans and mortgages payable.

See note 15 to the Consolidated Financial Statements apearing on page 39 hereof for a description of the provisions of and security for the 9% Convertible Sinking Fund Debentures.

See note 16 to the Consolidated Financial Statements appearing on page 43 hereof for a description of the 7½% Convertible Subordinated Sinking Fund Debentures.

REASONS FOR THE FILING OF THIS PROSPECTUS

As noted under "Business of the Company — History" on page 1, on May 5, 1972 the Ontario Securities Commission issued an order of exemption permitting, inter alia, Revenue Properties granting a conversion privilege to the holders of its Series A, B, C and D Sinking Fund Debentures and permitting the issuance of common shares pursuant to the exercise of the conversion privilege to be granted. The terms of the debentures were subsequently amended and their respective maturities extended in the manner contemplated by the May 5, 1972 order. Each debenture was subdivided into four Sub-series, being Sub-series I, II, III and IV, and the principal amount thereof was made convertible into common shares of Revenue Properties at conversion prices of $2.00, $3.00, $4.00 and $5.00 per share, respectively. In its order of May 5, 1972 the Ontario Securities Commission ruled that the resale or other disposition of any of the common shares of Revenue Properties received by the holders of the Sub-series "II", "III" and "IV" Series A, B, C and D 9% Convertible Sinking Fund Debentures upon the exercise of the rights of conversion attaching thereto was prohibited unless and until Revenue Properties filed with the Commission a prospectus with respect to such shares and the Director duly issued a receipt for the same. Accordingly, in order to permit such a resale or other disposition, Revenue Properties covenanted with The Royal Trust Company, as trustee for the holders of such debentures, that it would file with the Ontario Securities Commission by June 30, 1973 a preliminary prospectus in respect of its offering by way of conversions to the holders of its Sub-series I, II, III and IV Series A, B, C and D, 9% Convertible Sinking Fund Debentures such common shares as were then reserved for issuance upon the conversion of such debentures and that it would thereafter use its best efforts

to file as soon as practicable with the Ontario Securities Commission a final prospectus relating to such offering. This prospectus has been filed in satisfaction of such covenant, and so as to permit such resale or other disposition in the event of such conversions.

Pursuant to an application made by Revenue Properties, the Ontario Securities Commission has interpreted its order of May 5, 1972 to mean that the common shares offered hereby will continue to be in distribution to the holders of such debentures until such debentures have been either redeemed or converted in full.

Revenue Properties will furnish a copy of this prospectus to each registered holder of such debentures; will provide a copy of the prospectus to any unregistered holder of such debentures upon request; and will provide copies of the prospectus to each member of The Toronto Stock Exchange.

DETAILS OF THE CONVERSION PRIVILEGE

All of the common shares offered hereby are reserved by Revenue Properties for issuance upon the conversion of its outstanding Sub-series I, II, III and IV Series A, B, C and D 9% Convertible Sinking Fund Debentures. The table on page 10 sets out the principal amount of each Sub-series of such debentures. The principal amount of the Sub-series I of all series of such debentures is convertible into fully paid and non-assessable common shares without par value in the capital of Revenue Properties at the rate of $2.00 per common share; the Sub-series II at $3.00 per common share; the Sub-series III at $4.00 per common share; and the Sub-series IV at $5.00 per common share. The principal amount of each debenture may be so converted at the principal office of The Royal Trust Company in any one of the Cities of Toronto, Montreal or Winnipeg at any time up to the close of business on the last business day prior to the date of maturity, or the close of business on the last business day prior to the date fixed for redemption of the debenture, and instructions as to the method of conversion are set forth on each such debenture. The principal amount of all such debentures is so convertible in units of $250 and integral multiples thereof. No fractional shares will be issued upon a conversion but will be adjusted (on the basis of the conversion price) either in cash or by the issuance of a non-voting and non-dividend bearing scrip certificate transferable by delivery and entitling the holder thereof and of other similar certificates aggregating one full common share to obtain a share certificate for one common share upon surrender of such scrip certificates. Such scrip certificates, if any are issued, are to expire on a date fixed by the directors of Revenue Properties, but in any event not earlier than 1 year following the date of their issue. In the event of such conversion the holder of the debenture converted will be paid interest on the principal amount so converted, and accrued from the last interest payment date up to the date of conversion. The principal amount of and interest on all Sub-series of the Series C and Series D 9% Convertible Sinking Fund Debentures are adjusted in proportion to changes in the market exchange rates of the currencies of Canada and the Federal Republic of Germany (subject to a maximum increase or decrease of 25%). Currently such adjustment is at its ceiling, and accordingly each $250 principal amount of such debentures is now adjusted upwards, at the time of payment or conversion, by $62.50. In the event of conversion the adjusted principal amount must be converted into common shares (in units of $250 plus or minus the adjustment), and accordingly present conversions of $250 principal amount of such debentures would yield a number of common shares equal to $312.50 divided by the applicable conversion price.

DESCRIPTION OF COMMON SHARES

Each issued common share in the capital of Revenue Properties is fully paid and non-assessable and the holder thereof is entitled to one vote at all meetings of shareholders. Each common share ranks equally with all other common shares with respect to dividend rights and upon a winding up or dissolution of Revenue Properties.

Under the terms of the Trust Indenture creating Revenue Properties' 7½% Convertible Subordinated Sinking Fund Debentures Series A due June 30, 1988, Revenue Properties may not

(i) declare or pay any dividends or make other distributions (other than stock dividends or cumulative dividends on preference shares) on any of its shares, or (ii) effect or permit any partly-owned subsidiary to effect any reduction of paid up capital or purchase, redeem or otherwise pay off any of its shares otherwise than by sinking fund or purchase fund payments thereon (except out of the proceeds of a prior or contemporaneous issue of shares after June 30, 1968), or (iii) elect to pay any tax on undistributed income under Section 105 of the Income Tax Act (Canada), as from time to time in effect, or under any similar provisions; unless, immediately after giving effect to such action, the total of

(a) the aggregate amount declared or paid subsequent to June 30, 1968, as dividends or other distributions (other than stock dividends) on any shares of Revenue Properties;

(b) the aggregate amount distributed or paid (on reduction, purchase, redemption or other payment off) subsequent to June 30, 1968, in respect of all shares of Revenue Properties;

(c) that part of the aggregate amount declared or paid as dividends or distributed or paid (on reduction, purchase, redemption or other payment off) subsequent to June 30, 1968, or, in the case of a corporation which becomes a subsidiary thereafter, subsequent to the happening of that event, in respect of all shares of each subsidiary's capital stock which is not distributed or paid to Revenue Properties or another subsidiary; and

(d) the aggregate amount elected to be paid as tax as mentioned under (iii) above

will not exceed the total of (i) consolidated net income earned subsequent to December 31, 1967 plus (ii) the aggregate proceeds of issues of shares of Revenue Properties after June 30, 1968, including, without limitation, amounts credited to the capital stock account on conversion of convertible obligations of Revenue Properties including the said Series A Debentures plus (iii) $2,500,000.

Under the conditions attaching to Revenue Properties' authorized 6% Cumulative Non-voting Second Preference Shares, par value $10, Revenue Properties may not declare dividends on its outstanding common shares unless all dividends accrued on the outstanding Second Preference Shares have been paid in full. The Second Preference Shares also rank in priority to the common shares (to the extent of their par value plus all dividends accrued but unpaid thereon) in a winding up or dissolution of Revenue Properties. As at December 31, 1972 there were reserved for issuance upon the exercise of Revenue Properties' outstanding Series A 1961 Common Share Purchase Warrants an aggregate of 22,415 Second Preference Shares.

As at December 31, 1972 Revenue Properties' accrued deficit was $11,477,426. Under The Business Corporations Act Revenue Properties can only declare dividends on its outstanding shares to the extent that it does not have a deficit.

DIVIDEND RECORD

In the year ended December 31, 1968 Revenue Properties paid dividends of 32.5¢ per share on its outstanding Series A and Series B preference shares, and dividends on its common shares aggregating 14.66¢ per share. In the year ended December 31, 1969 dividends were paid on common shares in the amount of 8¢ per share. No dividends have been paid subsequently.

PRINCIPAL HOLDERS OF COMMON SHARES

National Trust Company, Limited is the only Shareholder of Revenue Properties who owns of record more than 10% of the common shares of Revenue Properties. The following information is submitted with respect to National Trust Company, Limited:

	Approximate Number of Common Shares Owned as at September 1, 1973	Approximate Percentage of Outstanding Common Shares
Of record	4,099,615	31.39%
Beneficially	Nil	Nil

Of the common shares which are shown in the above table as being owned of record by National Trust Company, Limited, 4,020,817 common shares, being equal to 30.78 percent of the outstanding common shares, are held of record by National Trust Company, Limited as Depository pursuant to the Voting Trust Agreement referred to on page 15. The following table provides details with respect to the beneficial owners of such common shares:

Name	Approximate Number of Common Shares Owned as at September 1, 1973	Approximate Percentage of Outstanding Common Shares
Alex J. Rubin[1]	285,178	2.18%
Harry Rubin[1]	186,838	1.43%
The Alex J. Rubin Family Trust[1]	46,187	.35%
The Harry Rubin Family Trust[1]	45,728	.35%
The Second Shirley Rubin Family Trust[1]	188,757	1.44%
The Second Bertha Rubin Family Trust[1]	21,288	.16%
Haal Securities Limited[1]	10,000	.08%
Westok Holdings Limited[1]	2,131,037	16.32%
First Canada Financial Corporation Limited[2]	605,804	4.64%
Danarah Holdings Limited[2]	300,000	2.3 %
Two Kiss Holdings Limited[2]	200,000	1.53%
TOTAL	4,020,817	30.78%

(1) These persons, trusts and corporations are collectively referred to herein as the "Rubin Interests".

(2) These corporations are collectively referred to herein as the "Goldhar Interests".

Particulars of Relationships

(i) The Rubin Interests

Alex J. Rubin and Harry Rubin are brothers. The Trustees of The Alex J. Rubin Family Trust are Harry Rubin and Bertha Rubin, wife of Alex J. Rubin, and the beneficiaries are Bertha Rubin and the children of Alex J. Rubin. The Trustees of The Harry Rubin Family Trust are Alex J. Rubin and Shirley Rubin, wife of Harry Rubin, and the beneficiaries are Shirley Rubin and the children of Harry Rubin. The Trustees of The Second Shirley Rubin Family Trust are Alex J. Rubin and Harry Rubin, and the beneficiaries are Harry Rubin and the children of Harry Rubin. The Trustees of The Second Bertha Rubin Family Trust are Alex J. Rubin and Harry Rubin, and the beneficiaries are Alex J. Rubin and the children of Alex J. Rubin. Alex J. Rubin and Harry Rubin are the beneficial owners of all of the outstanding shares of Haal Securities Limited, each owning 50% of such shares. All of the outstanding shares of Westok Holdings Limited are owned, in the aggregate, by Alex J. Rubin, Harry Rubin, the above-mentioned four family trusts, Haal Securities Limited and Shirber Holdings Limited. The shares of Shirber Holdings Limited are owned, to the extent of 50% each, by Alex J. Rubin and Harry Rubin.

(ii) The Goldhar Interests

The beneficial shareholders of First Canada Financial Corporation Limited are Maxwell Goldhar and Ken Kelman (to the extent of 50% each), who are both directors and officers of that corporation. The beneficial shareholders of Danarah Holdings Limited are the children of Maxwell Goldhar and the daughters and sons-in-law of Ken Kelman. The beneficial shareholders of Two Kiss Holdings Limited are First Canada Financial Corporation Limited (as to 75%) and Charles Harris Tod (as to 25%). The directors and officers of Danarah Holdings Limited are Maxwell Goldhar and Ken Kelman, and the directors and officers of Two Kiss Holdings Limited are those two persons and Charles Harris Tod.

Each of Messrs. Goldhar, Kelman and Tod are directors of Revenue Properties. Mr. Goldhar is President of Revenue Properties, and Mr. Tod is the Vice-President of Revenue Properties.

VOTING TRUST AGREEMENT

By agreement made as of 26th May, 1972, as amended (the "Voting Trust Agreement") Maxwell Goldhar was granted the exclusive right (subject to certain stated exceptions) to vote all shares of Revenue Properties owned or directly or indirectly controlled from time to time by the Rubin Interests and/or the Goldhar Interests. Such shares are required to be deposited with and registered in the name of National Trust Company, Limited, as Depository, and are voted at the direction of Mr. Goldhar. Pursuant to the Voting Trust Agreement the Rubin Interests have deposited an aggregate of 2,915,013 common shares, or 22.31 percent of the total outstanding common shares of Revenue Properties, and the Goldhar Interests have deposited an aggregate of 1,105,804 common shares, or 8.47 percent of the total outstanding common shares, of Revenue Properties (for particulars of such deposits, see the immediately preceding table). The Voting Trust Agreement and the voting trust constituted thereby is to remain in force (subject to certain contingencies related to the bankruptcy or insolvency of Revenue Properties) until such time as the Sub-series I, II, III and IV Series A, B, C and D 9% Convertible Sinking Fund Debentures have been redeemed, discharged or paid in full. By the terms of the Voting Trust Agreement the Rubin Interests are entitled to nominate to Maxwell Goldhar two nominees to serve as directors of Revenue Properties, and in such event (subject to certain stated limitations) Maxwell Goldhar must vote all shares deposited pursuant thereto in favour of electing such two nominees to the board of directors of Revenue Properties; no such nominations have as yet been made.

Change of Control

The execution of the Voting Trust Agreement by the Rubin Interests and the subsequent acquisition by the Goldhar Interests of an aggregate 1,105,804 common shares of Revenue Properties, has resulted in Maxwell Goldhar obtaining effective control of Revenue Properties. The Voting Trust Agreement provides that in the event of:

(i) the death of Maxwell Goldhar, or

(ii) the physical or mental incapacity of Maxwell Goldhar, so as to render him unable or unfit to act as Voting Trustee, or

(iii) the wilful refusal of Maxwell Goldhar to act as Voting Trustee, or

(iv) the bankruptcy or insolvency of Maxwell Goldhar, or

(v) the removal of Maxwell Goldhar as Voting Trustee by a court of competent jurisdiction, or

(vi) Maxwell Goldhar refusing to stand for election as a director of Revenue Properties and/or appointment as an officer of Revenue Properties or resigning from such office (unless he does not stand or resigns due to illness or other incapacity),

then Maxwell Goldhar is to be replaced by a committee of three members, to comprise a nominee from time to time of First Canada Financial Corporation Limited, a nominee from time to time of the Rubin Interests and a nominee appointed from time to time by such two nominees and not disapproved of in writing by Dresdner Bank A.G. (on behalf of itself and other stated German banks), failing which appointment (or in the event of such disapproval) such third member is to be appointed by the Senior Judge of the County Court of the Judicial District of York (Ontario), and in the event that such latter appointment is not made, the committee is to consist of the two nominees first mentioned. A quorum of such committee is to consist of two persons. As noted above, an aggregate of 4,020,817 common shares, or 30.78 percent of the presently outstanding common shares of Revenue Properties, have been deposited pursuant to the Voting Trust Agreement, and accordingly the appointment of such committee would in all likelihood result in a change of control of Revenue Properties.

Release of Shares Subject to the Voting Trust Agreement

The Voting Trust Agreement provides that during the term thereof:

(i) If Revenue Properties offers to purchase any of its outstanding shares pursuant to tenders, any of the Rubin Interests or the Goldhar Interests may submit tenders and if such tenders

are accepted, deliver any shares of Revenue Properties deposited under the Voting Trust Agreement which are required to be delivered pursuant to such accepted tenders.

(ii) Any of the Rubin Interests or the Goldhar Interests may sell, transfer, dispose of, assign, charge, hypothecate, pledge or encumber any of his or its shares of Revenue Properties in a bona fide arm's length transaction provided that:

(a) if there is a sale or other disposal of such shares (whether in respect of a realization upon a charge, hypothecation, pledge or encumbrance or otherwise) any acquirer or proposed acquirer (other than any of the Rubin Interests, the Goldhar Interests or Maxwell Goldhar) together with all persons not dealing at arm's length with such party does not and would not, either before or after such sale or disposal, own or control directly or indirectly more than 10% of the outstanding common shares of Revenue Properties;

(b) if there is a pledge, hypothecation, charge or encumbrance of such shares, no more than 10% of the outstanding common shares of Revenue Properties shall be pledged, hypothecated, charged or encumbered in favour of any one person and certificates representing the shares so pledged, hypothecated, charged or encumbered shall be retained by the Depository and subject to the Voting Trust Agreement until the interest of the party who has pledged, hypothecated, charged or encumbered the same is fully and finally foreclosed and extinguished; and

(c) no sale or other disposal of any of the common shares of Revenue Properties belonging to the Goldhar Interests (whether in respect of a realization upon a charge, hypothecation, pledge or encumbrance or otherwise) shall be made without the written consent of the Rubin Interests if the result of such sale would be to reduce the aggregate number of common shares of Revenue Properties owned by the Goldhar Interests to less than 500,000 common shares.

(iii) Any of the Rubin Interests or the Goldhar Interests may make any necessary application to any relevant stock exchange or securities commission or participate in any prospectus or statement of material facts so that shares held for them under the Voting Trust Agreement may be qualified for sale, provided that such sale is to a "wide retail market", and such shares, as so qualified, may be sold pursuant thereto.

If any of the Goldhar Interests elect to sell shares of Revenue Properties under the circumstances outlined in (ii) above, the Rubin Interests have the right to sell shares of the same class and to the same purchaser, on the basis (at the option of the Rubin Interests) of up to 3 shares of the Rubin Interests for each share of the Goldhar Interests which is to be sold, and in such event the number of shares of the Goldhar Interests which would otherwise be sold would be proportionately abated.

In the event that any of the Rubin Interests or the Goldhar Interests propose to make any application to a stock exchange or securities commission or propose to participate in any prospectus or statement of material facts for the purposes outlined in (iii) above, the others have a right to join in such application, prospectus or statement of material facts for such number of shares of Revenue Properties as the parties joining in shall determine, and in such event the costs of such application or participation are to be apportioned rateably. In the event that Revenue Properties makes any such application, prospectus or statement of material facts the Rubin Interests and the Goldhar Interests have covenanted to attempt to arrange for any of them as shall elect to do so to join therein for such number of shares of Revenue Properties as he or it shall determine, with costs of the same to be apportioned rateably.

The Voting Trust Agreement provides that Two Kiss Holdings Limited may sell up to 50,000 common shares of Revenue Properties without complying with any of the provisions outlined above.

Shirber Holdings Limited, the outstanding shares of which are owned equally by Alex J. Rubin and Harry Rubin, owns 1961 Warrants of Revenue Properties entitling the holder to purchase

1,061,400 common shares, and 1965 Warrants entitling the holder to purchase 498,000 common shares, of Revenue Properties. Any shares issued in respect of the exercise of such warrants must be deposited under the Voting Trust Agreement. The Rubin Interests are the owners, in the aggregate, of approximately $208,000 principal amount of the Sub-series I, II, III and IV Series B 9% Convertible Sinking Fund Debentures.

As at August 31, 1973 the directors and senior officers of Revenue Properties owned beneficially, directly or indirectly, as a group, 1,126,339 common shares, or 8.62% of the outstanding common shares, of Revenue Properties.

MANAGEMENT

Directors and Officers

The names and home addresses of the directors and officers of Revenue Properties, the positions and offices held by each and their principal occupations are as follows:

Name and Home Address	Office	Principal Occupation at present and for five preceding years
Maxwell Goldhar, (1) 124 Old Forest Hill Road, Toronto, Ontario.	President and Director	President of Revenue Properties since June 28, 1972. President, First Canada Financial Corporation Limited, financial consultant and private investor for more than the past five years.
Charles Harris Tod, (1) (2) 1161 Greenoaks Drive, Mississauga, Ontario.	Vice-President, and Director	Vice-President of Revenue Properties since June, 1970. Prior thereto Vice-President, Finance, Orangeroof Canada Limited, hotel and restaurant operator, since January, 1969. Prior thereto partner of Richmond, Tod & Co., management consultants.
Richard Anthony Bain, 2 Silverwood Avenue, Toronto, Ontario.	Secretary and Director	Solicitor. Partner, Siegal, Fogler, Barristers and Solicitors, since February 1, 1973. Prior thereto associated with Siegal, Fogler since September, 1972. Prior thereto associated with Fasken & Calvin, Barristers and Solicitors, since March, 1970. Prior thereto engaged in legal studies. Appointed Secretary on June 28, 1972.
Sara Tuberman, 630 Roselawn Avenue, Suite 607, Toronto, Ontario.	Treasurer, Assistant Secretary and Director	Assistant Secretary of Revenue Properties since June 28, 1972. Prior thereto Secretary since May 20, 1970. Prior thereto employed by Revenue Properties.
Watson W. Evans, (2) 14 Valleyanna Drive, Toronto, Ontario.	Director	Retired executive since May, 1970. Prior thereto Executive Vice-President, Traders Group Limited, sales finance company.
Paul W. Hellen, 461 Coldstream Avenue, Toronto, Ontario.	Director	Staff solicitor, Revenue Properties Central Developments Limited since August, 1968. Prior thereto, solicitor with Blake, Cassels and Graydon, Barristers and Solicitors.
Ken Kelman, (1) 21 Mayfair Avenue, P.H. #1, Toronto, Ontario.	Director	Vice-President, First Canada Financial Corporation Limited, financial consultant and private investor for more than the past five years.
Gurston I. Rosenfeld, (2) 99 Woodlawn Avenue West, Toronto, Ontario.	Director	Investment Counsel. Director of Gdn. Management Limited, investment management company, since 1970. Prior thereto employed by Gdn. Management Limited and director of Norman Short and Associates Limited, Investment Counsel.

Name and Home Address	Office	Principal Occupation at present and for five preceding years
Michael G. Wright, 323 Arcadia Drive, Beaconsfield, Quebec.	Director	Builder. President of Revcon Developments Limited, a subsidiary of the Company, since September, 1971. Vice-President of Revenue Properties Central Developments Limited since September, 1971. Prior thereto President of M. G. Wright Construction Limited, a construction company, since July, 1970. Prior thereto an employee of Revenue Properties Central Developments Limited.
Warren H. Bock	Controller	Controller of Revenue Properties since August 14, 1972 and prior thereto employed by the Company since June, 1971. Prior thereto Executive Assistant to Assistant General Manager, Canadian Imperial Bank of Commerce.

(1) Member of the Executive Committee.
(2) Member of the Audit Committee.

REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

The aggregate direct remuneration paid by the Company to the directors and senior officers of Revenue Properties was $220,228 in the fiscal year ended December 31, 1972, and $158,868 in the 8 months ended August 31, 1973.

PENSIONS

The estimated aggregate cost to the Company, in the fiscal year ended December 31, 1972 of all annuity, pension or retirement benefits proposed to be paid pursuant to any existing plan or plans provided or contributed to by the Company, to any of the directors or officers of Revenue Properties in the event of retirement at normal retirement date, was $6,092 and the following table summarizes such plans:

Number of Persons in Group	Amounts Set Aside or Accrued during Last Fiscal Year	Estimated Annual Benefits upon Retirement
5	$6,092	(1)

(1) The pension plan is available to all employees of the Company. The plan was amended effective December 31, 1971, and on that date the actuarial present value of the pension due to each member of the plan was determined and vested in him. As a result of such amendment there was vested in two directors of Revenue Properties the sum of $4,459.17. Pension benefits which may be received in respect of this aspect of the plan will be dependent upon the increment in such amounts to the date of retirement.

The pension plan, as amended, provides that all members of the plan are entitled to receive annual pensions on retirement at age 65 equal to 1% of their respective average annual earnings multiplied by the number of years service after January 1, 1972. It is accordingly not practicable to estimate the annual benefits which will be payable to officers and directors upon retirement. All moneys contributed to the plan are vested upon contribution.

PROFIT SHARING

Michael G. Wright, a director of Revenue Properties, is the President of Revcon Developments Limited, a subsidiary corporation. Pursuant to an employment agreement with Revcon Developments Limited, Mr. Wright is entitled to be paid a bonus of 25 percent of the net earnings of Revcon Developments Limited for so long as he is employed by that corporation.

The term of Mr. Wright's employment is three years, until September 20, 1974. In the year ended December 31, 1972, $39,600 was paid, pursuant to the profit sharing arrangement, to a corporation of which Mr. Wright is a substantial shareholder. No payments have been made pursuant to such profit sharing arrangement in the 8 months ended August 31, 1973.

STOCK OPTIONS

Options to purchase 62,000 common shares are held by three directors and officers as follows:

Terms	Price	No. of Shares
3,000 shares in each of the 4 five-year periods ending October 9, 1974 to 1977 inclusive	$1.95	12,000
5,000 shares in each of the 5 five-year periods ending September 30, 1975 to 1979 inclusive	$0.50	25,000
5,000 shares in each of the 5 five-year periods ending September 19, 1977 to 1981 inclusive	$0.63	25,000

The exercise price of each option is no more than 10% less than the market price of the common shares of Revenue Properties on the date the option price was granted. On September 4, 1973 the price of the common shares of Revenue Properties, as traded in the over-the-counter market in Toronto, was approximately $1.30 per common share.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

(1) By agreement dated December 1, 1971, the Company and the Rubin Interests acknowledged that the Company was indebted to the Rubin Interests in an aggregate amount of $1,628,000, comprising advances of $788,000 and accrued interest of $840,000. Pursuant to such agreement there were delivered mutual releases of claims which the Company and the Rubin Interests may have had against each other as at December 1, 1971. The agreement was conditional upon non-reviewable and non-appealable final judgments being entered by the United States District Court for the District of Massachusetts in 24 of the 25 private civil actions commenced in various United States District Courts in respect of losses incurred in the purchase of common shares of Revenue Properties. Such final judgements, made by Settlement Order, became non-reviewable and non-appealable on February 11, 1972, as to representative actions, and on March 13, 1972, as to individual actions, respectively. The acknowledged indebtedness of $1,628,000 owing to the Rubin Interests is to be repaid on December 1, 1974, and bears interest at the rate of 12% per annum from February 1, 1972, interest payable monthly. Of such $1,628,000, $788,000 is collaterally secured by a second assignment of certain assets of the Company having a net book value of $1,750,000 as at December 31, 1972.

(2) Since January 1, 1971 Revenue Properties paid counsel fees and litigation expenses of approximately $100,000 on behalf of 5 former directors who were defendants in the United States civil actions previously referred to.

(3) Alex Rubin is retained as a consultant to the Company at an annual salary of $25,000.

(4) First Canada Financial Corporation Limited was paid $43,124 by the Company for consulting services rendered from January 11, 1971 through June 30, 1972, and was paid a finder's fee of $25,000 in connection with the sale by the Company in March, 1971 of its shares in Dizengoff Centre "A" Limited, an associated corporation, for $1,275,000. See "(ii) The Goldhar Interests" on page 14 hereof.

(5) The firm of Seigal, Fogler, of which Richard A. Bain, a director and the Secretary of Revenue Properties is a partner, acts as counsel to the Company from time to time and receives fees in respect thereof.

(6) Bay Green Developments Limited is an Ontario corporation, whose registered head office is at 491 Eglinton Avenue West, Toronto, Ontario. Joyce Green, wife of Herbert M. Green (a director of Revenue Properties from November 24, 1969 until April 21, 1972 and an officer of one of its principal subsidiaries from 1963 until April 21, 1972) is a director and the president of this corporation. Management believes that Herbert M. Green and/or one or more members of his family and/or one or more family trusts and/or one or more companies controlled by one or more of them are the beneficial holders of all of the outstanding shares of this corporation.

Bay Green Developments Limited and Associates, a limited partnership, is a limited partnership whose registered members are Bay Green Developments Limited, the general partner, and The Joyce Green Trust, The Herbert Green Trust and The Herbert Green Family Trust.

Frontenac Builders Limited is an Ontario corporation. Management believes that Herbert M. Green and/or one or more members of his family and/or one or more family trusts and/or one or more companies controlled by one or more of them are the beneficial holders of all of the outstanding shares of this corporation.

One or more of Bay Green Developments Limited and Associates, a limited partnership, Bay Green Developments Limited and Frontenac Builders Limited (hereinafter referred to as the "Green Companies") are parties to certain joint ventures with the Company with respect to the development and sale of land. Under the terms of each such joint venture the Company, either alone or with joint venture participants other than the Green Companies, purchased the land which is the subject of the joint venture, is required to advance, either alone or with joint venture participants other than the Green Companies, all money necessary for the development and sale of such land, and the profits and losses from such development and sale are shared between the parties on a stated basis. The Green Companies' participation varies from 10% in one joint venture up to 25% in the others. As at December 31, 1972, the assets which were the subject of such joint venture agreements had an aggregate book value of approximately $10,727,000, the liabilities of such joint ventures aggregated approximately $3,802,000, and the Company's equity therein aggregated approximately $6,668,000.

There was paid or credited by the Company to the Green Companies pursuant to such joint ventures an aggregate of approximately $45,000 during the 12 months ended December 31, 1972, and $120,000 during the 12 months ended December 31, 1971.

On December 31, 1972, Bay Green Developments Limited and Associates, a limited partnership, was indebted to the Company in an aggregate amount of $2,289,595. Such indebtedness was on account of a 7% mortgage owing to the Company in the principal amount of $2,232,290, due June 28, 1973, and accrued interest thereon of $57,305. Such mortgage was repaid on maturity. This mortgage indebtedness arose as a result of the following transactions. In 1966 the Company purchased a parcel of unimproved land and entered into a joint venture with respect thereto with Bay Green Developments Limited and Associates, a limited partnership. The participation in profits and losses under this joint venture was 75% to the Company, and 25% to the limited partnership. In 1968 the Company sold its interest in this parcel to the limited partnership at a profit of $841,000, being the Company's share of the profit, for a selling price of $2,662,500, paid as to cash of $150,000, as to $280,210 by an application of all of the profits of the limited partnership on such sale, and as to the balance of $2,232,290, by the Company taking back the 7% mortgage of the limited partnership in this amount. Such mortgage was secured by the parcel sold. The purchaser did not assume the mortgages payable on this parcel, which amounted to $1,031,340 at December 31, 1972, and they were satisfied on June 28, 1973.

On December 31, 1972, Bay Green Developments Limited was indebted to the Company in an aggregate amount of $58,174. Such indebtedness was on account of a 16% demand promissory note owing to the Company in the principal amount of $50,000 and accrued interest thereon of $8,174. This indebtedness was repaid on June 28, 1973.

Herbert M. Green and The Herbert M. Green Family Trust No. II each own 11.875% of the outstanding shares of Century City Developments Limited, the balance of whose shares are

owned by the Company. Century City Developments Limited holds unimproved land of approximately 5,500 acres in and adjacent to the Township of Uxbridge, Ontario. As at December 31, 1972 there was owing to the Company by Century City Developments Limited an aggregate of approximately $7,200,000 on account of advances made and accrued interest thereon. The Company is not currently charging interest on such advances, and the same are unsecured. No principal or interest payments have been made by Century City Developments in respect of such advances since they were made. (See "Century City" on page 8.)

Bay Green Developments Limited and The Herbert M. Green Family Trust No. II are the owners in the aggregate, of approximately 19.12% of the outstanding shares of Century Homes of Barrie Limited (formerly Canadian Century Homes Limited). The Company is the owner of 50% of the voting shares, and the owner of approximately 75% of the shareholders' equity, of that corporation. The ownership of the remaining 50% of such voting shares is divided between Bay Green Developments Limited, The Herbert M. Green Family Trust No. II and a third party. In March, 1972 Century Homes of Barrie Limited was indebted to the Company in an aggregate amount of approximately $1,450,000. Such indebtedness bears interest at an average rate of approximately 8½% per annum. In February, 1972 the Company guaranteed a loan of $800,000 from a third party to Century Homes of Barrie Limited and also pledged certain real estate so as to collaterally secure such guarantee.

D. M. Consultants Limited, an Ontario corporation with principal offices at 408 Centre Street, Thornhill, Ontario, has been retained as project manager to manage the development of the approximately 5,500 acres of land owned by Century City Developments Limited and all development lands which are the subject of joint ventures between the Company and the Green Companies. Such retaining was, in all cases, made in February, 1970. Under its arrangement, the Company pays D. M. Consultants Limited remuneration proportionate to services rendered. In the year ended December 31, 1972 the Company paid to D. M. Consultants Limited pursuant to such arrangement an aggregate amount of approximately $67,000. In the opinion of management, the person who performs such management functions on behalf of D. M. Consultants Limited is Herbert M. Green.

Particulars of Relationships

To the knowledge of Management, the following are the officers and directors of D. M. Consultants Limited:

Name and Address	Position held with D. M. Consultants Limited
Herbert M. Green 42 Blue Forest Drive Downsview, Ontario	Director and President
Roger Cunnington 161 Old Yonge Street Willowdale, Ontario	Vice-President
Bruno Pen 232 St. Clements Avenue Willowdale, Ontario	Vice-President
Jeffery Madden 65 Morgandale Crescent Agincourt, Ontario	Vice-President
Louis J. Devor 509 St. Clements Avenue Toronto, Ontario	Secretary-Treasurer

Messrs. Cunnington, Pen, Madden and Devor may have a direct or indirect interest in one or more of the joint ventures between the Company and the Green Companies previously referred to.

Management believes that all of the outstanding shares of D. M. Consultants Limited are owned by Herbert M. Green and/or one or more members of his family and/or one or more family trusts and/or one or more companies controlled by one or more of them.

D. M. Consultants Limited was indebted to the Company in a maximum amount of approximately $20,000 during the period January 1, 1972 to date on account of advances against services to be performed. No interest was charged by the Company on such advances, and the entire amount thereof has now been earned by D. M. Consultants Limited.

MATERIAL CONTRACTS

Except for contracts entered into in the ordinary course of business, the only material contract entered into by the Company prior to the date hereof is the Eighth Supplemental Indenture dated as of June 30, 1972 to the Deed of Trust and Mortgage dated as of November 1, 1961 between Revenue Properties and The Royal Trust Company, as Trustee, which secures the Sub-series I, II, III and IV Series A, B, C and D 9% Convertible Sinking Fund Debentures. The Eighth Supplemental Indenture was entered into to effect the changes outlined in Note 15 to the Consolidated Financial Statements appearing on page 39 hereof. The said Deed of Trust and Mortgage, as amended and supplemented to date, and the Eighth Supplemental Indenture, may be examined during normal business hours at the principal office of The Royal Trust Company in any of the Cities of Toronto, Montreal or Winnipeg.

PENDING LEGAL PROCEEDINGS

A civil action in which Revenue Properties is named as a defendant and which claims damages of $1,250,000 is still outstanding in the United States District Court for the District of Massachusetts. Little pre-trial discovery has been conducted in the action. However, it is the view of counsel, based upon the information presently known to them, that this claim presents no substantial adverse financial risk to the Company except for legal fees and other costs related thereto.

An action is pending in the Supreme Court of Ontario against Revenue Properties, Mr. Alex J. Rubin and Mr. Harry Rubin as defendants. The plaintiff alleges that in 1968 the defendants verbally agreed to pay the plaintiff 10% of the dollar value of any offering of stock or convertible debentures of Revenue Properties made through a New York underwriter to be introduced to the defendants by the plaintiff. The plaintiff seeks to recover $1,280,000 with respect to a public offering of common shares in the United States on November 12, 1968; $2,675,000 with respect to a proposed offering of convertible debentures, which offering has been indefinitely postponed; and a declaration that he is entitled to 10% of the dollar value of any such further offerings by Revenue Properties. Revenue Properties, Mr. Alex J. Rubin and Mr. Harry Rubin deny both the alleged agreement and the alleged introduction. In the opinion of counsel, there is an excellent prospect of successfully defending the action.

REGISTRAR AND TRANSFER AGENTS

The Registrar and Transfer Agent for the common shares of Revenue Properties is National Trust Company, Limited at its principal Transfer Office in each of the Cities of Toronto, Montreal and Winnipeg and Bankers Trust Company at its principal Transfer Office in New York, New York, U.S.A.

AUDITORS

The Auditors of the Company are Messrs. Thorne Gunn & Co., Royal Trust Tower, Box 262, Toronto-Dominion Centre, Toronto 111, Ontario.

Auditors' Report

To the Directors of
Revenue Properties Company Limited

We have examined the consolidated balance sheets of Revenue Properties Company Limited and subsidiaries as of December 31, 1972 and December 31, 1971, and the related statements of income, deficit, and changes in financial position for the years then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

The realizable value of the Century City real estate has not been determined, as explained in note 8 and, therefore, it is not possible to estimate the effect of this major uncertainty on the accompanying financial statements.

On February 20, 1973 we reported that we were unable to express an opinion as to whether the consolidated financial statements for the year ended December 31, 1971, taken as a whole, presented fairly the financial position of the company and subsidiaries as at December 31, 1971 and the results of operations and the changes in financial position for the year then ended in accordance with generally accepted accounting principles. The uncertainties which prevented our expression of an overall opinion at February 20, 1973 on the consolidated financial statements no longer exist except for the uncertainties related to the Century City real estate. Accordingly, we can now give an overall opinion on the financial statements for the year ended December 31, 1971 subject only to the qualification set out above concerning the Century City real estate.

In our opinion, subject to any adjustment which may result from the resolution of the major uncertainty referred to above, the accompanying financial statements present fairly the financial position of Revenue Properties Company Limited and subsidiaries at December 31, 1972 and December 31, 1971 and the results of their operations and the changes in their financial position for the years then ended in accordance with generally accepted accounting principles applied on a consistent basis.

"THORNE GUNN & CO."
Chartered Accountants.

Toronto, Canada
September 12, 1973

revenue properties company limited

(Incorporated under the laws of Ontario)
and subsidiaries

CONSOLIDATED BALANCE SHEET

DECEMBER 31, 1972

(with comparative figures at December 31, 1971 as restated)

ASSETS

	1972	1971
Cash and short-term deposits	$ 872,306	$ 1,048,605
Cash in escrow	907,055	2,268,233
Accounts, rents and other receivables (note 3)	2,355,424	2,674,068
Due from directors and officers (note 4)	—	2,494,104
Prepaid expenses	520,911	462,758
Mortgages receivable (note 5)	14,226,562	13,254,200
Balances receivable for land sold under agreements of purchase and sale (note 6)	5,036,838	3,748,245
Real estate held for development or sale		
Properties other than Century City (note 7)	8,322,936	10,835,441
Century City (note 8)	13,768,081	13,190,653
Revenue producing real estate (note 9)	31,681,110	33,271,070
Investment in and advances to joint ventures not consolidated (note 10)	4,652,406	3,848,796
Investment in and advances to associated company (note 11)	941,646	1,235,320
Sundry investments and advances, at cost	136,302	384,173
Debenture financing costs less amortization	132,438	50,974
	$83,554,015	$88,766,640

Approved by the Board

"M. GOLDHAR", Director

"C. H. TOD", Director

LIABILITIES

	1972	1971
Bank indebtedness, secured	$ 279,580	$ 347,043
Accounts payable and accrued liabilities	5,617,409	5,444,125
Liability for settlement of United States civil actions	—	1,145,178
Due to directors, officers and shareholders (note 12)	1,628,000	1,801,605
Estimated completion costs for land sold	467,486	802,608
Loans payable secured by mortgages receivable (note 13)	7,997,582	7,404,921
Other secured loans payable (note 13)	915,750	1,901,000
Mortgages payable secured by land sold under agreements of purchase and sale (note 14)	2,435,611	1,968,074
Mortgages payable on real estate held for development or sale (note 14)		
Properties other than Century City	3,048,771	5,944,743
Century City	5,166,792	5,201,383
Mortgages payable on revenue producing real estate (note 14)	22,015,199	23,115,801
9% Convertible sinking fund debentures (note 15)	12,237,060	12,814,097
7½% Convertible subordinated sinking fund debentures (note 16)	986,000	986,000
	62,795,240	68,876,578
Deferred income (note 17)	4,703,122	5,369,611
Deferred income taxes (note 2(e))	1,192,200	1,425,000
	68,690,562	75,671,189

SHAREHOLDERS' EQUITY

	1972	1971
Capital stock (note 18)		
Authorized		
313,977.5 6% Cumulative, non-voting second preference shares, par value $10, redeemable at par (314,065 in 1971)		
20,000,000 Common shares without par value (16,164,060 in 1971)		
Issued and outstanding		
13,062,897 Common shares (10,962,070 shares in 1971)	26,116,729	25,063,866
Appropriation for second preference shares reserved for issuance as stock dividends	224,150	225,020
Deficit	(11,477,426)	(12,193,435)
Capital stock less deficit	14,863,453	13,095,451
	$83,554,015	$88,766,640

Lease and similar obligations, contingent liabilities and legal proceedings (notes 19, 20 and 21).

CONSOLIDATED STATEMENT OF INCOME
YEAR ENDED DECEMBER 31, 1972
(with comparative figures for 1971 as restated)

Revenue	1972	1971
Real estate sales		
Held for development or sale	$ 8,178,339	$14,497,416
Revenue producing	1,573,780	3,158,460
Construction	894,149	504,623
Rentals	9,057,826	8,369,299
Interest	1,376,001	1,681,644
Share of income (loss) of associated company before extraordinary item	126,889	(230,585)
Share of income (loss) of joint ventures not consolidated (note 10)	(13,322)	(126,328)
	21,193,662	27,854,529
Expenses		
Real estate cost of sales		
Held for development or sale	5,170,979	12,326,075
Provision for losses (note 7)	116,750	913,107
Revenue producing	1,621,100	2,430,691
Construction	847,538	406,170
Property operating	6,511,731	6,517,770
Interest charges (note 22(a))	5,251,428	6,363,792
Less amounts capitalized	(904,951)	(2,383,859)
Administration and general	1,698,069	1,856,584
Depreciation	903,188	895,124
	21,215,832	29,325,454
Loss before the undernoted items	(22,170)	(1,470,925)
Net transfer from (to) deferred income	666,489	(26,820)
Income allocated to other participants of consolidated joint ventures	(237,607)	(93,097)
Income (loss) before income taxes and extraordinary items	406,712	(1,590,842)
Income taxes (notes 2(e) and 22(b))		
Current	—	(30,000)
Current—subject to reduction by application of losses carried forward	240,000	—
Deferred	(232,800)	542,414
	7,200	512,414
Income (loss) before extraordinary items	399,512	(2,103,256)
Extraordinary items		
Income tax reduction on application of prior years' losses	240,000	—
Share of income tax reduction on application of prior years' loss in associated company	131,000	—
Debenture financing costs less deferred income taxes	—	(172,007)
Discount on purchase of sinking fund debentures	—	81,885
Net income (loss) for the year	$ 770,512	$ (2,193,378)
Earnings (loss) per share (note 22(c))		
Before extraordinary items	3.4¢	(19.3¢)
After extraordinary items	6.6¢	(20.1¢)

CONSOLIDATED STATEMENT OF DEFICIT

YEAR ENDED DECEMBER 31, 1972

(with comparative figures for 1971 as restated)

	1972	1971
Deficit at beginning of year (notes 10 and 23)		
As previously reported	$13,738,767	$11,461,703
Adjustment of provision for loss	1,249,996	1,249,996
Adjustments of related interest	295,336	206,392
As restated	12,193,435	10,005,315
Net income (loss) for the year	770,512	(2,193,378)
	11,422,923	12,198,693
Capital reorganization expense	54,503	—
Transfer from appropriation for second preference shares	—	5,258
Deficit at end of year	$11,477,426	$12,193,435

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

YEAR ENDED DECEMBER 31, 1972

(with comparative figures for 1971 as restated)

Source of funds	1972	1971
Operations		
Net income (loss) for the year	$ 770,512	$ (2,193,378)
Deferred income taxes and depreciation	670,388	1,397,538
Other items not involving funds	(697,998)	1,487,959
Funds from operations	742,902	692,119
Mortgages receivable		
Payments received	742,557	563,238
Mortgages sold	713,133	3,141,958
Payments received on agreements of purchase and sale	2,671,870	11,010,347
Land, development and related costs realized through sales	6,361,330	14,501,623
Investments realized	2,499,234	3,057,391
Loans and mortgages obtained on purchases of real estate	2,129,441	2,510,581
Other loans and mortgages obtained	1,208,081	9,355,890
Issue of common shares	1,052,863	—
Net changes in other assets and liabilities	31,447	—
	18,152,858	44,833,147
Decrease in cash	1,470,014	—
	$19,622,872	$44,833,147

Application of funds	1972	1971
Mortgages receivable and agreements of purchase and sale assumed on sale of real estate	$ 4,157,300	$11,148,030
Real estate purchases and development costs	4,282,720	4,012,513
Capitalized interest and carrying charges	1,583,020	3,313,969
Investments made	568,380	906,905
Interim bank loan paid	—	3,119,270
Decrease in accounts payable	—	3,154,325
Settlement of United States civil actions	1,145,178	—
Loans and mortgages payable		
Assumed by purchasers on sale of real estate	1,883,280	2,899,746
Paid by Company	5,415,494	12,520,800
Sinking fund debentures paid	587,500	2,073,902
Net changes in other assets and liabilities	—	404,995
	19,622,872	43,554,455
Increase in cash	—	1,278,692
	$19,622,872	$44,833,147

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 1972

INDEX

Throughout these notes "the Company" refers to Revenue Properties Company Limited, its consolidated subsidiaries and its consolidated joint ventures unless the context indicates otherwise. The 1972 corporate reorganization is detailed in notes 15, 16 and 18.

1. Principles of consolidation

(a) The consolidated financial statements include the accounts of all companies in which Revenue Properties Company Limited holds more than 50% of the voting equity.

Consolidated companies include the following principal active subsidiaries:

	Ownership %	
	1972	1971
Century City Developments Limited	76.25	71.25
One Thirty One Bloor West Limited	100	100
Revcon Developments Limited	100	100
Revdale Construction Limited	100	—
Revenue Properties Central Developments Limited	100	100
Rusuth Investments Limited	100	100
Savarin Investments Limited	100	100
The Rubin Development Corporation (United States)	100	100

Revdale Construction Limited was incorporated in 1972 to carry on the business of general contractors outside the Province of Quebec.

(b) The accounts of the subsidiary companies in the United States are translated into Canadian dollars as follows:

(i) mortgages receivable, revenue producing real estate and accumulated depreciation thereon, and mortgages payable on revenue producing real estate — at the exchange rate prevailing at the date the assets were acquired or the liabilities incurred.

(ii) all other assets and liabilities — at the exchange rate prevailing at the balance sheet date.

(iii) revenue and expenses — at the average exchange rate prevailing throughout the year except for depreciation which is at the exchange rate prevailing at the acquisition date of the related asset.

(c) The accounts of joint ventures holding real estate for development or sale are not normally consolidated. The Company's investment in such joint ventures is reflected in the consolidated balance sheet as "Investment in and advances to joint ventures not consolidated" using the equity method by which the investment is increased or decreased by the Company's share of the undistributed profits or losses of the joint ventures.

An exception to the principle outlined in the preceding paragraph occurs because certain joint venture agreements provide that the Company (i) is responsible for all financing required and (ii) has a 100% interest in real estate held for development or sale, subject only to the participation by others in net profits or losses. The Company's participation in these joint ventures varies from 75% to 90%. All of the assets, liabilities, revenues and expenses of these joint ventures are included in the consolidated financial statements.

2. Accounting policies

(a) *Capitalization of costs*

(i) Land held for development or sale — Acquisition costs, realty taxes, other direct carrying costs and appropriate interest are capitalized, except in the case of Century City lands where interest payable only to third parties is capitalized.

(ii) Construction of buildings — Direct costs, and appropriate overhead and interest are capitalized.

All estimated costs of servicing land which has been sold are recorded.

With respect to construction projects, the construction period is generally considered to have ended when a rental occupancy of approximately 70% has been achieved, providing that there have been no abnormal delays in construction or rental.

(b) *Recognition of income*

Income from the sale of real estate is recognized in accordance with the guidelines published by the Ontario Securities Commission in 1969.

Income from construction contracts is recorded on a percentage of completion basis.

(c) *Depreciation on revenue producing real estate*

Depreciation is provided using the straight-line method, based on the estimated useful lives of the various assets as follows:

Buildings	40-50 years
Furniture and equipment	10 years

(d) *Financing costs*

(i) Costs incurred on the issue of debentures are amortized on a straight-line basis over the terms of the debentures with the unamortized balance of costs applicable to debentures redeemed or refinanced being written off as redemption or refinancing occurs.

At the end of a fiscal period the estimated currency adjustment (see notes 15(a) and 15(g)) which is applicable to those sinking fund payments falling due within one year is charged against income.

(ii) Finders' fees and similar charges, which relate mainly to the obtaining of financing by way of mortgages and other loans payable of short-term durations, are written off as incurred except in joint ventures where they are capitalized as part of the cost of real estate held for development or sale.

(e) *Deferred income taxes*

Certain provisions of the Income Tax Act are used which have resulted in the deferral of income taxes otherwise currently payable. Such provisions relate mainly to (i) reserves deducted for tax purposes when real estate was sold and mortgages taken back as partial consideration, (ii) depreciation claimed for tax purposes in excess of depreciation recorded in the accounts and (iii) interest, overhead and other carrying charges deducted for tax purposes although capitalized in the accounts as a cost of real estate.

3. Accounts, rents and other receivables

	1972	1971
Subdivision deposits and construction contracts	$ 900,401	$1,427,641
Notes and loans	294,984	342,686
Interest	463,320	345,255
Rents and miscellaneous	696,719	558,486
	$2,355,424	$2,674,068

4. Due from directors and officers

Amounts due from directors and officers at December 31, 1971 are not similarly classified at December 31, 1972 as such persons ceased to be officers and directors during 1972. The remaining unpaid portions of those amounts are reflected within the appropriate asset classifications at December 31, 1972.

5. Mortgages receivable

Mortgages on properties sold include $4,096,394 on certain properties leased back or managed (see note 19) and mature at various dates to 2019 (interest rates vary from 5¼% to 9½%, weighted average 7.4%).

1973	$ 4,084,349
1974	389,531
1975	235,381
1976	253,058
1977	272,075
1978 and subsequent	8,317,734
	13,552,128
Second mortgages on sold housing units mature at various dates to 1995 (interest rates vary from 6¾% to 12%)	674,434
	$14,226,562

Substantially all mortgages receivable are pledged against loans payable (see note 13).

6. Balances receivable for land sold under agreements of purchase and sale

Balances mature at various dates to 1977 (interest rates vary from 6% to 9%, weighted average 8%).

1973	$ 1,455,365
1974	2,379,263
1975	729,300
1977	472,910
	$ 5,036,838

The agreements contain clauses providing for earlier principal payment in the event the purchaser requires title to the land.

Mortgages payable secured by the land sold under these agreements of purchase and sale remain an outstanding liability of the Company (see note 14).

7. Real estate held for development or sale — Properties other than Century City

	1972	1971
Land		
Unimproved	$ 4,077,891	$ 3,768,369
Serviced	2,817,654	6,201,123
Serviced — leasehold interest	618,257	532,821
Housing units		
Land	377,282	12,178
Buildings	431,852	320,950
	$ 8,322,936	$10,835,441

Real estate held for development or sale is shown at cost less an accumulated provision for losses of $656,569 ($936,091 in 1971) in recognition of declines in value of certain properties; a provision for losses of $116,750 ($913,107 in 1971) was charged to income. Real estate held at the balance sheet date was increased by carrying charges of $598,793 ($830,513 in 1971).

8. Real estate held for development or sale — Century City

Unimproved land of approximately 6,600 acres in and adjacent to The Township of Uxbridge, Province of Ontario, owned by Century City Developments Limited, a partially-owned subsidiary known as "Century City", is included in "Real estate held for development or sale" at a cost of $13,768,081, of which $577,428 was capitalized during 1972 ($517,503 during 1971).

Had interest on the Company's investment also been capitalized (see note 2(a)(i)) the cost of $13,768,081 would have been increased to $15,391,101 at the balance sheet date ($14,242,449 in 1971).

In May, 1973 the Government of Canada indicated that it was prepared to pay approximately $2,600,000 as total compensation for all interests in approximately 1,100 acres of Century City land which it expropriated for a new international airport. Century City will have one year in which to negotiate a settlement for any claims which it may have for additional compensation or to commence proceedings in the Federal Court. Approximately $1,600,000 of the amount must be used to pay encumbrances and real estate taxes on the lands expropriated. The Government of Canada has also offered to purchase at a reasonable price an additional 500 acres originally subject to a notice of intention to expropriate. The offer remains available until January 31, 1974.

Land use controls currently under consideration by the Ontario Government have created some uncertainties as to the future uses of Century City real estate. Accordingly the future realizable value of this property cannot be reasonably determined at this time.

Except with respect to the expropriated lands, virtually no mortgage payments have been made on the Century City lands (see note 14) since May 1970. All 1970 realty taxes on these

lands have been paid and some payments on account of 1971 and 1972 realty taxes have also been made.

Certain mortgagees have commenced proceedings and issued writs of foreclosure to enforce their security. Century City is defending these actions.

9. **Revenue producing real estate**

	1972	1971
Buildings and improvements, at cost	$34,264,045	$35,102,788
Furniture and equipment, at cost	448,623	434,320
	34,712,668	35,537,108
Less accumulated depreciation	6,122,922	5,610,659
	28,589,746	29,926,449
Land, at cost	3,091,364	3,344,621
	$31,681,110	$33,271,070

The cost of buildings constructed during 1972 was increased by carrying charges of $48,127 ($358,090 in 1971).

10. **Investment in and advances to joint ventures not consolidated**

	1972	1971
Mortgages receivable	$ 1,441,260	$ 860,500
Accounts payable	(165,272)	
Other investments and advances, equity basis	3,376,418	2,988,296
	$ 4,652,406	$ 3,848,796

The Company's share of profits or losses in these joint ventures varies from 40% to 64%.

The Company is contingently responsible for all the liabilities of the joint ventures, but the Company has recourse to all of each joint venture's assets as well as the assets of the other participants to the extent it is required to pay liabilities in excess of its proportionate share.

In the 1971 consolidated financial statements 50% of the profit on transferring a property by the Company to a 50% owned joint venture was shown as a reduction of $214,077 in the Company's investment. This amount has now been reclassified as deferred income (note 17) to conform with the financial statement presentation adopted for 1972.

A summary of the combined financial statements of these joint ventures follows:

JOINT VENTURES NOT CONSOLIDATED
Combined Balance Sheet
December 31, 1972
(with comparative figures at December 31, 1971 as restated)

ASSETS	1972	1971
Cash and short-term deposit	$ 221,848	$ 51,254
Accounts receivable and sundry assets	463,877	222,064
Account receivable from the Company	165,272	—
Mortgages receivable	566,772	660,739
Real estate held for development or sale (see (a) below)	11,607,532	10,396,181
	$13,025,301	$11,330,238

LIABILITIES	1972	1971
Bank indebtedness, secured	$ 344,190	$ 30,000
Accounts payable and accrued liabilities	1,719,436	785,098
Loans and mortgages on real estate held for development or sale		
Payable to the Company	1,441,260	860,500
Payable to others (see (b) below)	4,493,563	5,272,036
Deferred income (see (c) below)	153,039	153,039
	8,151,488	7,100,673

PARTICIPANTS' EQUITY	1972	1971
The Company	3,376,418	2,988,296
Others	1,497,395	1,241,269
	4,873,813	4,229,565
	$13,025,301	$11,330,238

JOINT VENTURES NOT CONSOLIDATED
Combined Statement of Income
Year ended December 31, 1972
(with comparative figures for 1971 as restated)

Revenue	1972	1971
Real estate sales		
Held for development or sale	$ 1,746,622	$ —
Construction	—	31,468
Rentals	1,489,023	1,509,708
Interest	61,760	74,618
	3,297,405	1,615,794
Expenses		
Real estate cost of sales		
Held for development or sale	1,606,100	—
Construction	24,237	54,104
Provision for loss	—	131,722
Property operating	1,711,741	1,626,508
Administration and general	9,015	21,617
	3,351,093	1,833,951
Loss for the year	$ (53,688)	$ (218,157)

JOINT VENTURES NOT CONSOLIDATED
Combined Statement of Participants' Equity
Year ended December 31, 1972
(with comparative figures for 1971 as restated)

	1972			1971
Balance at beginning of year	The Company	Others	Total	Total
As previously reported	$1,657,276	$1,053,770	$2,711,046	$3,785,691
Adjustment of provision for loss	1,062,497	187,499	1,249,996	1,249,996
Adjustment of interest capitalized	268,523	—	268,523	179,579
As restated	2,988,296	1,241,269	4,229,565	5,215,266
Net contributions (drawings)	401,444	296,492	697,936	(767,544)
	3,389,740	1,537,761	4,927,501	4,447,722
Loss for the year	(13,322)	(40,366)	(53,688)	(218,157)
Balance at end of year	$3,376,418	$1,497,395	$4,873,813	$4,229,565

Notes to the combined statements of joint ventures not consolidated

(a) *Real estate held for development or sale*

	1972	1971
Land		
Unimproved	$ 6,800,732	$ 7,105,480
Serviced	2,274,196	1,677,875
Serviced — leasehold interest	184,325	—
Industrial and commercial buildings		
Land	837,354	837,354
Buildings	1,510,925	775,472
	$11,607,532	$10,396,181

Real estate held for development or sale is shown at cost. During 1972 the Company reversed a provision for loss of $1,249,996, which had been recorded in error in 1970 in respect of two unimproved properties. The reversal is shown in the statement of participants' equity as a restatement of the balance at beginning of year. The related interest which had not been capitalized prior to 1972 has also been adjusted in the statement of participants' equity and appropriate interest capitalized has been reflected in the statement of income for both 1971 and 1972.

Arrears of principal and interest which amounted to approximately $640,000 at December 31, 1972 have subsequently been paid. Real estate held at the balance sheet date was increased by carrying charges of $440,445 ($396,702 in 1971).

(b) *Loans and mortgages on real estate held for development or sale — Payable to others*

Mortgages on which principal and interest are in arrears at December 31, 1972 (see (a) above), mature in 1974 (interest rates vary from 6% to 6½%, weighted average 6.2%)		$1,626,360
Other mortgages mature at various dates to 1977 (interest rates vary from 6% to 10½%, weighted average 8.1%)		
1973	$ 705,650	
1974	463,354	
1975	1,075,076	
1976	30,284	
1977	592,839	2,867,203
		$4,493,563

(c) *Deferred income*

Deferred income represents the gains on two sale and leaseback transactions. The amount of $153,039 will remain deferred until certain vendor conditions contained in the sale and leaseback agreements are met and/or the leases are terminated (see (d) below).

(d) *Lease obligations*

Two apartment projects were originally sold and leased back by two of the joint ventures. Both leases have been renewed for terms expiring in 1973; however, one of the joint ventures has given notice of intention to terminate its lease in 1973. Annual rents under these leases are $750,000.

The sale agreements contain clauses providing for reductions in the original selling prices in the event that specified levels of gross annual income, as defined, and specified occupancy levels are not achieved by the time of expiry of the leases including renewal periods. These levels have not yet been reached in the case of the one lease for which notice of intention to terminate has not been given. Based on levels existing at the 1972 lease expiry dates, the original selling prices would have been reduced by an amount in excess of the recorded deferred income (see (c) above). The leases are renewable annually at the present rental rates by the lessors, if the vendor conditions in the sale and leaseback agreements have not been met, or by the joint ventures. Since the determination and realization of any such reductions in selling prices may be deferred indefinitely, they are not provided for in these accounts except to the extent of the deferred income noted in (c) above.

A long-term land lease expiring in 2067 was sold to a joint venture by the Company during 1972 and the accumulated cost thereof is reflected in "Serviced land — leasehold interest" (see (a) above). The annual lease payment is $28,750.

(e) *Interest on long-term debt*

The joint ventures incurred interest on long-term debt as follows:

	1972	1971
Charged to property operating	$ 124,481	$ 138,284
Capitalized	288,013	364,442
	$ 412,494	$ 502,726

11. **Investment in and advances to associated company**	1972	1971
Canadian Century Homes Limited		
Shares, at cost	$ 1,145	$ 695
Advances and mortgages receivable	911,697	1,463,710
	912,842	1,464,405
Share of retained earnings (deficit)	28,804	(229,085)
	$ 941,646	$1,235,320

The Company owns 50% of the outstanding voting common shares and 100% of the outstanding non-voting participating Class A shares of Canadian Century Homes Limited, representing a 75% equity interest therein.

In 1972 the Company's equity interest increased from 63.75% to 75% as the result of its acquisition of all the additional non-voting participating Class A shares issued during 1972 by Canadian Century Homes Limited.

In the 1971 consolidated financial statements advances and mortgages were reduced by $137,539, being the Company's 63.75% share of the profit recorded on the transfer of certain properties in 1970 to Canadian Century Homes Limited. This amount has been reclassified as deferred income (note 17) to conform with the financial statement presentation adopted for 1972.

12. Due to directors, officers and shareholders

The amount of $1,628,000 included in the consolidated balance sheet at December 31, 1972 as "Due to directors, officers and shareholders" is owing to Mr. Alex J. Rubin (a shareholder, an officer of the Company until July 20, 1972, and formerly a director), Mr. Harry Rubin (a shareholder and formerly a director and officer of the Company), four family trusts, and two companies controlled by one or more of them (hereinafter referred to as "The Rubins"). The Company agreed on December 1, 1971 to repay the indebtedness of $1,628,000 to the Rubins on December 1, 1974 together with interest from February 1, 1972 at 12% per annum payable monthly. The Company gave to the Rubins a promissory note in the amount of $788,000 collaterally secured by an assignment of certain assets of the Company amounting to approximately $2,900,000 at December 31, 1972 which are pledged against loans payable of approximately $1,150,000.

The amount due to directors, officers and shareholders at December 31, 1971 includes, in addition to the amount of $1,628,000 described above, amounts due to persons who were directors and officers of the Company, but who ceased to be directors and officers during 1972, and/or members of their families and/or family trusts and/or companies controlled by one or more of them in 1971. Amounts due to these persons are reflected within the appropriate liability classifications at December 31, 1972.

13. Loans Payable

Loans payable mature as follows:

	Secured by Mortgages Receivable	Other Secured Loans
1973	$4,694,000	$ 360,000
1974	1,678,582	555,750
1975	775,000	—
1976	850,000	—
	$7,997,582	$ 915,750
Range of interest rates	7% to 12½ %	6% to 11½ %
Weighted average interest rate	11.4%	10.6%

The other secured loans are secured as to $300,000 by Series D debentures held by a subsidiary, as to $450,000 by revenue producing real estate and as to $165,750 by the Company's investment in certain joint ventures not consolidated.

14. Mortgages Payable

Mortgages payable mature as follows:

	Secured by			
	Land sold under Agreements of Purchase and Sale	Real Estate held for Development or Sale	Century City Real Estate	Revenue Producing Real Estate
Arrears	$ —	$ —	$ 759,271	$ —
1973	2,435,611	1,340,067	2,899,576	862,195
1974	—	704,132	1,300,895	5,982,316
1975	—	253,020	16,800	1,512,049
1976	—	240,464	18,400	1,749,549
1977	—	124,400	18,200	572,136
1978 and subsequent	—	386,688	153,650	11,336,954
	$2,435,611	$3,048,771	$5,166,792	$22,015,199
Range of interest rates	7% to 12%	5% to 12½%	6¼% to 12%	5¼% to 12%
Weighted average interest rate	10.8%	9.3%	8%	8.9%
Latest maturity	1973	1995	1992	1996

Interest on the Century City mortgages is in arrears to the extent of approximately $1,253,000.

15. 9% Convertible sinking fund debentures

Effective June 30, 1972 the former 7½% Sinking fund debentures became 9% Convertible sinking fund debentures as a result of the corporate reorganization approved during 1972 by the shareholders, regulatory bodies and other interested parties (see also note 18 — "Capital stock").

The comparative status of the debentures is set out below:

	December 31, 1972	December 31, 1971
(a) *Principal*		
Series A	$ 1,904,000	$ 1,960,000
Series B	1,342,250	1,374,000
Series C	5,128,750	5,250,000
Series D	3,807,500	4,200,000
Series E	cancelled	nil
	12,182,500	12,784,000
Add currency adjustment	54,560	30,097
	$12,237,060	$12,814,097
(b) *Interest rate*	9%	7½%
(c) *Maturity date*		
Series A	May 15, 1976	1973
Series B	June 1, 1981	1977
Series C	Feb. 15, 1981	1976
Series D	June 15, 1981	1976

(d) *Sinking fund requirements*

	Payable November 15 annually	
Series A	$50,000 to 1975	$ 50,000 annually to 1972
Series B	Consolidated and shared by the Series B, C and D Debentures rateably in proportion to the principal amount of each series outstanding on the October 5 immediately preceding the sinking fund payment date. Payments are $250,000 in 1973, $500,000 in 1974 and 1975, and $1,550,000 in 1976 to 1980 inclusive.	$ 40,000 annually to 1976
Series C		$750,000 annually to 1975
Series D		$600,000 annually to 1975

The Company is required to pay by each sinking fund payment date an amount sufficient to pay interest accrued to that date in respect of debentures to be redeemed out of the sinking fund, and in the case of the Series C and D debentures to be redeemed the Company is also required to pay the exchange rate adjustment referred to in (g) below. The terms of the debentures provide that all debentures which are redeemed out of sinking fund payments are to be redeemed, firstly, out of the outstanding sub-series I debentures of each series until no sub-series I debentures of the particular series remain outstanding, next out of the sub-series II debentures, then out of the sub-series III debentures, and, lastly, out of the sub-series IV debentures of such series (see (h) below).

Prior to December 31, 1971 the Company had purchased for cancellation $40,000 principal amount of Series A debentures. During 1972 the Company purchased an additional $56,000 principal amount of Series A debentures at a cost of $42,000, bringing the total principal amount available as a sinking fund credit to $96,000. On November 15, 1972, $50,000 of such principal amount was applied as a sinking fund credit leaving a balance of $46,000 available at December 31, 1972.

Prior to December 31, 1971 the Company had purchased for cancellation $386,000 principal amount of Series B debentures, which principal amount was available as a sinking fund credit. During 1972 the Company applied $40,000 of such credit in respect of the June 1, 1972 Series B sinking fund payment. Under the terms of the reorganization (see (f) below) the balance of $346,000 is no longer available as a sinking fund credit.

During the period June 30 to December 31, 1972 the Company purchased $301,000 Series D debentures at par. As outlined in (f) below, these debentures cannot be used to meet sinking fund requirements but their purchase may be reimbursed from cash held by the trustee, subject to certain restrictions.

All 1972 sinking fund payments have been met.

	December 31, 1972	December 31, 1971
(e) *Acceleration of sinking fund payments*		
Series C and D	No acceleration provision.	Accelerated in certain circumstances.
(f) *Sinking fund credit*		
	Although all series of debentures may be purchased or redeemed at prices not in excess of their redemption prices, Series A debentures are	Series A, B or D debentures may be purchased or redeemed at prices not in excess of the

<table>
<tr><th></th><th>December 31, 1972</th><th>December 31, 1971</th></tr>
<tr><td></td><td>the only series which qualify for sinking fund credit.

The Company may be reimbursed for its purchase of any series of debentures, from cash held by the trustee, up to a maximum of 80% of the redemption price of the purchased debentures, provided that the aggregate reimbursements for Series B, C and D debentures in any one fiscal year is limited to 50% of that fiscal year's consolidated sinking fund payment.</td><td>applicable redemption price and the principal amount may then be applied as a credit against respective sinking fund requirements.</td></tr>
<tr><td>(g) Adjustment dependent upon Canadian and Federal Republic of Germany currencies</td><td></td><td></td></tr>
<tr><td>Series C and D principal and interest payments.</td><td>25% maximum (increase or decrease) dependent upon the market exchange rates.</td><td>15% maximum (increase or decrease) dependent upon the exchange rates officially recognized by the International Monetary Fund.</td></tr>
<tr><td>(h) Convertible features</td><td>Each series is sub-divided into four equal separate sub-series. The principal amount of such sub-series (Series C and D sub-series being adjusted for above currency relationship) may be converted into common shares at any time prior to maturity as shown below.

<table><tr><th>Sub-series</th><th>Conversion price for one common share</th></tr><tr><td>I</td><td>$2.00</td></tr><tr><td>II</td><td>$3.00</td></tr><tr><td>III</td><td>$4.00</td></tr><tr><td>IV</td><td>$5.00</td></tr></table>
The above conversion prices are subject to anti-dilution provisions.

Under the terms of the Deed of Trust and Mortgage the Company has agreed to file a preliminary prospectus with the Ontario Securities Commission by June 30, 1973 in respect of those common shares that may be issued as a result of the conversion of debentures subsequent to that date.</td><td>None.</td></tr>
</table>

	December 31, 1972	December 31, 1971
	The Ontario Securities Commission has ruled that the common shares resulting from a conversion of the sub-series II, III, and IV debentures may not be resold until the Commission has accepted a prospectus of the Company relating to these shares.	
(i) *Redemption*		
Series A and B	On or before maturity, in order of sub-series I to IV, at par plus accrued interest.	On or before maturity at approximately par plus accrued interest.
Series C and D		On or before maturity at par plus accrued interest.

These debentures, Series A to D inclusive, rank equally and are secured by fixed and specific charges on certain mortgages receivable, certain revenue producing real estate and certain real estate held for development or sale; by a first floating charge on the assets and undertaking of Revenue Properties Company Limited; and on the real estate known as "Century City" (see note 8). Substantially all of these mortgages receivable and real estate also secure various indebtedness which ranks in priority to this charge.

The aggregate net fair market value of all specifically charged property at any time must not be less than 100% of the principal amount of the debentures then outstanding (adjusted for the currency relationship referred to in (g) above). If the aggregate net fair market value of all specifically charged property is less than 100% of the principal amount of the debentures then outstanding (as so adjusted), property upon which there are erected buildings or dwellings of a permanent nature must be assigned as part of the specifically mortgaged premises to the extent that after such assignment 80% of the net fair market value of the specifically mortgaged premises will consist of cash and real property upon which there are erected buildings or dwellings of a permanent nature. Property may be released from the charge in stated priorities as long as the aggregate net fair market value of the remaining charged property exceeds 120% of the principal amount of debentures then outstanding (adjusted for the currency relationship referred to in (g) above). The June 30, 1972 amendments substantially changed the provisions of the Deed of Trust and Mortgage governing the power of the Company to sell and encumber the property pledged thereunder and the use which may be made of funds on hand with the trustee. The bulk of these amendments are not summarized herein.

The Deed of Trust and Mortgage securing the debentures contains among other things provisions concerning audit of accounts, statutory obligations of the Company and similar matters. The deed also contains covenants of the Company relating among other things to the payment of prior indebtedness and taxes on property pledged as security. In the opinion of the Company's counsel, to their knowledge no events have occurred which do, or with the appropriate notice would, constitute an event of default under the Deed of Trust and Mortgage, except that certain realty taxes are in arrears. Company's counsel is of the opinion that an event of default may not be declared if payment of these realty tax arrears is made within 30 days of receipt of a written demand from the trustee; in the opinion of the Company, it would be able to make such payment.

At December 31, 1971 Series E debentures of $5,000,000 principal amount were held by a nominee of the Company awaiting cancellation. The terms of the 1972 reorganization prohibit the issue of any additional debentures (including the Series E debentures) and as a result the Series E debentures were cancelled in 1972.

16. 7½% Convertible subordinated sinking fund debentures

These 7½% convertible subordinated sinking fund debentures Series A in the amount of $986,000 are due June 30, 1988 and are convertible into common shares of the Company up to the earlier of June 30, 1988 or 3 business days prior to the date specified for their redemption as set out below. No debentures were converted during 1972.

The conversion prices are subject to downward adjustment in the event that the Company issues any additional common shares, as defined, for a consideration per share different from the conversion price in effect immediately prior to the issuance of such shares.

As a result of the foregoing provision and the corporate reorganization during 1972 (see notes 15 and 18) the actual or possible conversion prices at December 31, 1972 are as follows:

	On or before June 30		
	1978	1983	1988
Actual	7.53	8.91	10.57
Possible	6.34	7.34	8.54

The possible conversion prices reflect the possible issue of 4,689,250 common shares which would result from the conversion of all 9% Convertible sinking fund debentures (see note 15(h)) outstanding at December 31, 1972.

Under the terms of the Trust Indenture, a sinking fund is required to be established for the retirement of $700,000 aggregate principal amount of the debentures on June 30 in each of the years 1979 to 1988 inclusive. Since debentures converted into common shares and thus cancelled, amounting to $6,014,000 to December 31, 1972, can be applied against such sinking fund requirements, no sinking fund payments will be required until at least 1987.

These debentures are redeemable at par (i) to meet sinking fund requirements and (ii) at any other time if throughout the 180 days prior to the date on which notice of redemption is given the market price of the common shares has not been less than 125% of the conversion price then in effect.

These debentures are subordinated to the prior payment in full of the sinking fund debentures referred to in note 15 and of certain other prior indebtedness. There are restrictions concerning payment of dividends under the terms of the Trust Indenture.

The Trust Indenture contains among other things provisions concerning audit of accounts and covenants of the Company. In the opinion of the Company's counsel, to their knowledge no events of default have occurred nor have any events occurred which would allow the trustee to declare an event of default after giving appropriate notice.

17. Deferred income

Deferred income includes gains on certain transactions as follows:

	1972	1971
(a) Gain on sales of development property	$1,516,690	$1,694,563
(b) 50% of the gain on transfer of property by the Company to a joint venture in which the Company has a 50% interest	—	214,077
(c) 63.75% of the gain on transfer of property by the Company to associated company in which the Company had a 63.75% interest in 1971	—	137,539
(d) Unamortized gain on sale and leaseback transactions	2,033,345	2,135,933
(e) Unamortized gain on sale of nine properties now managed by the Company	812,120	842,960
(f) Unamortized gain on sale of the Company's 75% interest in a long-term lease of commercial space	340,967	344,539
	$4,703,122	$5,369,611

Items (b) and (c) were previously shown in 1971 as reductions of the appropriate equity accounts and have been reclassified to conform with the financial statement presentation adopted for 1972.

The above deferred income will be recognized as earned when all requirements of the Ontario Securities Commission guidelines have been met. With respect to (d) to (f), the recognition of income as earned will also be in accordance with the terms of the relevant agreements in amounts of approximately $135,000 annually until 1982, and thereafter in varying annual amounts until 1999.

18. **Capital stock**

(a) *Authorized*

The number of authorized common shares was increased from 16,164,060 as at December 31, 1971 to 20,000,000 by articles of amendment dated August 9, 1972 in connection with the corporate reorganization.

(b) *Issued*

During 1972, the Company issued 2,100,827 common shares as follows:

(i) In August 1972, First Canada Financial Corporation Limited, Danarah Holdings Limited and Two Kiss Holdings Limited subscribed for 500,000, 300,000 and 200,000 common shares respectively at a subscription price of 50¢ per share, resulting in a total of 1,000,000 common shares being issued for $500,000 cash. The beneficial shareholders of First Canada Financial Corporation Limited are Mr. Maxwell Goldhar and Mr. Ken Kelman, each to the extent of 50%. Mr. Goldhar was engaged as a consultant to the Company in January, 1971 and became a director and the President during June 1972. Mr. Kelman became a director of the Company during June 1972. The beneficial shareholders of Two Kiss Holdings Limited are First Canada Financial Corporation Limited (as to 75%) and Mr. Charles Harris Tod, a director and officer of the Company (as to 25%).

The subscription agreements were subject to various conditions, all of which have been satisfied, including the following:

(1) By October 30, 1972 the repayment and other terms of the outstanding 7½% sinking fund debentures were extended and modified in a manner satisfactory to First Canada Financial Corporation Limited.

(2) By October 30, 1972 Mr. Alex J. Rubin, Mr. Harry Rubin and all other persons, firms, trusts and corporations whom First Canada Financial Corporation Limited, in its sole and absolute discretion, was of the opinion were associated or affiliated with either Mr. Alex J. Rubin or Mr. Harry Rubin or did not deal at arm's length with either of them, executed a voting trust agreement satisfactory to First Canada Financial Corporation Limited, whereby Mr. Goldhar was given the right to vote, at all meetings of the shareholders of the Company, all shares in the capital of the Company owned by such persons, firms, trusts and corporations.

In addition to the right to vote the shares outlined in (2) above, Mr. Goldhar was also given the right to vote the 1,000,000 common shares so long as such shares are owned by the subscribers.

(ii) Rights were issued to all shareholders in August 1972 whereby such shareholders were entitled to subscribe for 1 common share at a price of 50¢ in respect of each 10 common shares of which they were the holders of record. Such rights were not issued in respect of the 1,000,000 common shares subscribed for and issued as outlined in (b) (i) above. The rights offering resulted in the issue of 990,823 common shares. First Canada Financial Corporation Limited subscribed for those common shares which were not purchased under the rights offering and was issued an additional 105,804 common shares.

(iii) 4,200 common shares were issued during 1972 as the result of Series A 1961 warrants being exercised (see (c)(i)(2) below).

During 1972, on the exercise of 4,200 Series A 1961 warrants, 87.5 second preference shares were issued and were immediately redeemed. The appropriation reserve and authorized preference share capital have been decreased accordingly (see (c)(ii) below).

(c) *Reserved*

The Company has reserved the following shares for possible issue:

(i) *Common shares — 6,463,000*

(1) *7½% Convertible subordinated sinking fund debentures — $986,000*

The conversion of these debentures at $7.53 per share would result in the issue of 131,000 common shares. Additional common shares would also be reserved if the conversion price were to decline further toward $6.34 per share (see note 16).

(2) *Series A 1961 and Series B 1965 Warrants*

Warrants to purchase 1,580,750 common shares are outstanding. The warrants were issued in connection with the sale of the Series A and Series B senior sinking fund debentures. Each $1,000 of principal for both the Series A and Series B debentures were originally issued carrying warrants to purchase what now amounts, after stock splits, to 600 and 300 common shares respectively.

The outstanding warrants are exercisable as follows:

	Exercisable on or before	Price per share	No. of shares
Series A 1961 warrants (see (ii) below)	November 15, 1973	$1.1251	1,076,000
Series B 1965 warrants	June 1, 1975	$2.17	504,750

(3) *Stock Options*

Options to purchase 62,000 common shares are held by three directors and officers as follows:

Terms	Price	No. of Shares
3,000 shares in each of the 4 five-year periods ending October 9, 1974 to 1977 inclusive	$1.95	12,000
5,000 shares in each of the 5 five-year periods ending September 30, 1975 to 1979 inclusive	$0.50	25,000
5,000 shares in each of the 5 five-year periods ending September 19, 1977 to 1981 inclusive	$0.63	25,000

(4) *9% Convertible sinking fund debentures*

The conversion of these debentures, assuming the maximum currency adjustment applicable to Series C and D debentures as set out in note 15(g), would result in the issue of approximately 4,689,250 common shares.

(ii) *Second preference shares*

The holders of the Series A 1961 warrants are entitled to receive, in addition to the common shares outlined in (i)(2) above, all stock dividends that would have been paid from November 15, 1961 as if the warrants had been exercised and common shares issued on that date. From November 15, 1961 to December 31, 1972, stock dividends in the form of second preference shares were paid to the holders of common shares. Upon the exercise of all Series A 1961 warrants, 22,415 second

preference shares will be required to be issued without further consideration and accordingly $224,150 is appropriated for such purpose.

19. Lease and similar obligations

Payments	Sale and leasebacks (a) Leases in effect	Sale and leasebacks (a) If leases terminated or forfeited	Long-term land leases (b)	Management agreement (c)
1973	$ 1,833,000	$ 326,000	$ 330,000	$ 716,000
1974	1,833,000	326,000	330,000	716,000
1975	1,833,000	326,000	330,000	716,000
1976	1,829,000	322,000	330,000	716,000
1977	1,825,000	318,000	330,000	716,000
1978 and subsequent	19,874,000	1,663,000	25,161,000	13,700,000

(a) Revenue producing properties were sold and leased back prior to 1971. Under certain of the lease agreements the lessor is to be paid a percentage of rentals in excess of a specified amount.

Certain of the lease agreements contain clauses relating to the termination or forfeiture of the lease by the Company and cessation of all liability thereunder upon payment of a specific amount pertaining to each such lease, the total amount of such payments being $1,745,000.

The rents included above for leases, whose latest year of expiry is 1999, are exclusive of participating rents, realty taxes, insurance, maintenance and repairs, and similar expenses.

(b) The rents included above for long-term land leases, whose latest year of expiry is 2067, are exclusive of realty taxes.

(c) Prior to 1971 the Company sold nine properties and entered into an agreement with the purchaser concerning operation and management by the Company of the properties until 1999. Under the agreement the Company is required to (i) pay annually to the purchaser a return of 8.25% to 9% before income taxes on the purchaser's invested equity, and (ii) make payments on the mortgages on the properties or, following discharge of any or all of the mortgages, pay annually 50% of the amounts previously payable thereon, to the purchaser. The aggregate of (i) and (ii) so payable are included above. In addition, the purchaser is entitled to participate in net revenue, as defined, in excess of a stated amount for each of the nine properties.

The Company may terminate the contract and its liability thereunder by forfeiting a mortgage of $350,000 taken back by the Company on the sale of the properties. That mortgage is included in "Mortgages receivable" in the consolidated balance sheet.

20. Contingent liabilities

(a) The Company may be required to repurchase on May 15, 1974 a group of approximately 150 residential first mortgages, bearing interest at approximately 9%, maturing in 1994 and having an aggregate outstanding principal balance of $2,350,000 at December 31, 1972, at a price of $98.25 per $100 principal then outstanding.

(b) In 1969 Victoria Wood Development Corporation Inc., a partially owned subsidiary of the Company at that time, issued $5,000,000 8% Sinking fund debentures, Series A. In February, 1973 the $316,000 balance of these debentures outstanding at December 31, 1972 was retired in full and the Century City real estate previously pledged by the Company as security for these debentures was released.

(c) In 1972 the Company guaranteed a loan of $800,000 from a third party to Canadian Century Homes Limited. At the same time the Company pledged certain real estate held for development or sale as security for the loan.

(d) There are other miscellaneous contingent liabilities of the Company totalling $400,000.

(e) See also notes 8, 10 and 21.

21. Legal proceedings

The final judgments on the settlement order covering 24 private civil actions against the Company in the United States providing for a payment by the Company of $1,050,000 on behalf of itself and Mr. Alex J. Rubin, Mr. Harry Rubin, The Alex J. Rubin Family Trust and The Harry Rubin Family Trust, became non-reviewable and non-appealable on February 11, 1972 and March 13, 1972 respectively. The settlement contribution, provided for in the accounts prior to 1971, was paid out of cash in escrow during 1972.

Legal proceedings in which the Company is currently a defendant are outlined below:

(a) A civil action in which the Company is named as a defendant and which claims damages of $1,250,000 is still outstanding in the United States District Court for the District of Massachusetts. Little pre-trial discovery has been conducted in the action. However, it is the view of counsel, based upon the information presently known to it, that this claim against the Company presents no substantial adverse financial risk except for legal fees and other costs related thereto.

(b) On August 23, 1972, judgments of permanent injunction were entered by order of the United States District Court for the Southern District of New York, pursuant to the consents of the defendants without their admitting or denying the allegations in the complaints.

The Company and Mr. Maxwell Goldhar were enjoined thereby from violating the proxy solicitation provisions of the Securities Exchange Act of 1934.

The Company was also enjoined thereby from violating the provisions of the 1934 Act which require it to file periodic financial reports with the Securities and Exchange Commission and with the American Stock Exchange. The Company was ordered to file with the Commission and disseminate to its shareholders not later than December 4, 1972 an unaudited financial statement for the first nine months of 1972 and a description of the assets and current operations of the Company, with which order it complied.

The judgment also provides that the Company comply (subject to specific exceptions for the year 1973) with the periodic reporting requirements of the 1934 Act and in particular, that the Company file by March 30, 1973 Form 10-K Annual Reports for the fiscal years ended December 31, 1971 and December 31, 1972.

The Company has filed a Form 10-K Annual Report for the fiscal year ended December 31, 1971 and has filed a Form 10-K Annual Report for the fiscal year ended December 31, 1972, except that the 1972 Annual Report does not contain the required certified financial statements. The Securities and Exchange Commission has refused an extension of time for filing such statements and is considering what action, if any, it should take against the Company for failure to comply with the injunction. The Company expects that it will be able to file the required certified financial statements by June 30, 1973.

(c) An action is pending in the Supreme Court of Ontario against the Company, Mr. Alex J. Rubin and Mr. Harry Rubin as defendants. The plaintiff alleges that in 1968 the defendants verbally agreed to pay the plaintiff 10% of the dollar value of any offering of stock or convertible debentures of the Company made through a New York underwriter to be introduced to the defendants by the plaintiff. The plaintiff seeks to recover $1,280,000 with respect to a public offering of common shares in the United States on November 12,

1968; $2,675,000 with respect to a proposed offering of convertible debentures, which offering has been indefinitely postponed; and a declaration that he is entitled to 10% of the dollar value of any such further offering by the Company. The Company, Mr. Alex J. Rubin and Mr. Harry Rubin deny both the alleged agreement and the alleged introduction. In the opinion of counsel, there is an excellent prospect of successfully defending the action.

Because of their contingent nature no provisions are made in the consolidated financial statements with respect to the unsettled actions referred to above.

22. Consolidated statement of income

(a) *Interest charges*

	1972	1971
Long-term debt		
Debentures (including the amortization of deferred financing costs and the currency adjustment included in note 15(a))	$1,340,403	$1,277,092
Mortgages	2,648,181	3,456,065
Other	1,248,439	1,391,005
Short-term debt	14,405	239,630
	$5,251,428	$6,363,792

(b) *Income Taxes*

During the year the parent company and certain subsidiaries earned profits which would have been subject to current income taxes except for the application of prior years' losses. Certain other subsidiaries incurred losses which may be deductible in determining income taxes payable in future years. The income tax effect of current losses and of the accumulated unapplied losses is not recorded in the accounts of the Company except to the extent of the amount of $240,000 applied in the current year.

(c) *Earnings (loss) per share*

Earnings (loss) per share is calculated using the weighted average number of shares outstanding of 11,746,380 in 1972 (10,902,070 in 1971).

The conversion of all convertible debentures or the exercise of outstanding warrants or options would not have a dilutive effect on earnings per share in 1972, and consequently the calculation of fully diluted earnings per share is not provided.

(d) *Aggregate remuneration to directors and senior officers*

	1972	1971
Salaries and directors' fees	$ 220,228	$ 198,344
Consultants' fees to First Canada Financial Corporation Limited	15,000	28,124
Legal and finders' fees to firms in which former directors had an interest	15,500	95,001
Income (net of losses) of consolidated joint ventures allocated to a former director (no amount is shown for 1972 because the director resigned in April, 1972)	—	98,678
	$ 250,728	$ 420,147

23. Restatement and reclassification of 1971 comparative figures

Deficit at the beginning of the year and the 1971 comparative figures have been restated to reflect the adjustment of a provision for loss of $1,249,996, adjustment of interest capitalized (see note 10) and other related interest adjustments.

In addition, the 1971 comparative figures have been reclassified to conform with the financial statement presentation adopted for 1972.

CONSOLIDATED STATEMENT OF INCOME

Unaudited

SIX MONTHS ENDED JUNE 30, 1973

Revenue	
Real estate and construction sales	$ 4,119,150
Rentals	4,540,063
Interest	775,714
Other income	142,246
	9,577,173
Expenses	
Cost of sales — real estate and construction	3,414,171
Property operating	3,160,266
Interest charges	2,581,428
Less amounts capitalized	(399,977)
Administration and general	955,466
Depreciation	444,310
	10,155,664
Loss before the undernoted items	(578,491)
Net transfer from deferred income	1,243,842
Income allocated to other participants of consolidated joint ventures	(184,603)
	480,748
Income taxes	
Current — subject to reduction by application of losses carried forward	240,000
Deferred	15,000
	255,000
Income before extraordinary items	225,748
Extraordinary items	
Income tax reduction on application of prior years' losses	140,000
Net income for the six months ended June 30, 1973	$ 365,748
Net income per share	2.8¢

CONSOLIDATED STATEMENT OF DEFICIT

Unaudited

SIX MONTHS ENDED JUNE 30, 1973

Deficit at December 31, 1972	$11,477,426
Profit for the six months	365,748
Deficit at June 30, 1973	$11,111,678

revenue properties company limited

(Incorporated under the laws of Ontario)
and subsidiaries

CONSOLIDATED BALANCE SHEET

Unaudited

JUNE 30, 1973

ASSETS

Cash and short-term deposits	$ 2,315,443
Cash in escrow	678,980
Accounts, rents and other receivables	4,819,617
Prepaid expenses	661,697
Mortgages receivable	10,548,115
Balances receivable for land sold under agreements of purchase and sale	2,328,565
Real estate held for development or sale	
Properties other than Century City	10,490,152
Century City	11,153,120
Revenue producing real estate	31,538,543
Investment in and advances to joint ventures not consolidated	2,903,753
Investment in and advances to associated company	763,451
Sundry investments and advances, at cost	14,048
Debenture financing costs less amortization	122,012
	$78,337,496

Approved by the Board

"M. GOLDHAR", Director

"C. H. TOD", Director

LIABILITIES

Bank indebtedness, secured	$ —
Accounts payable and accrued liabilities	5,882,381
Due to directors, officers and shareholders	1,628,000
Estimated completion costs for land sold	467,202
Loans payable secured by mortgages receivable	6,123,333
Other secured loans payable	337,832
Mortgages payable secured by land sold under agreements of purchase and sale	870,000
Mortgages payable on real estate held for development or sale	
Properties other than Century City	4,053,052
Century City	3,854,833
Mortgages payable on revenue producing real estate	22,117,132
9% Convertible sinking fund debentures	12,122,060
7½% Convertible subordinated sinking fund debentures	986,000
	58,441,825
Deferred income	3,459,280
Deferred income taxes	1,207,200
	63,108,305

SHAREHOLDERS' EQUITY

Capital stock	
Authorized	
313,977.5 6% Cumulative, non-voting second preference shares, par value $10, redeemable at par	
20,000,000 common shares without par value	
Issued and Outstanding	
13,062,897 Common shares	26,116,729
Appropriation for second preference shares reserved for issuance as stock dividends	224,140
Deficit	(11,111,678)
Capital stock less deficit	15,229,191
	$78,337,496

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
Unaudited
SIX MONTHS ENDED JUNE 30, 1973

Source of Funds	
Operations	
Net income for the period	$ 365,748
Deferred income taxes and depreciation	459,310
Other items not involving funds (includes deferred income of $1,243,842)	(1,164,178)
Funds from operations	(339,120)
Mortgages receivable	
Payments received	4,151,357
Mortgages sold	1,392,750
Payments received on agreements of purchase and sale	2,235,363
Land, development and related costs realized through sales	3,180,573
Expropriation of Century City lands	2,630,400
Investments realized	139,411
Loans and mortgages obtained	3,745,095
Increase in accounts payable	264,962
	$17,400,791

Application of funds	
Mortgages receivable and agreements of purchase and sale assumed on sale of real estate	$ 1,500,000
Real estate purchases, development and construction costs	1,452,434
Capitalized interest and carrying charges	638,484
Increase in accounts receivable	2,464,193
Loans and mortgages payable	
Assumed by purchasers on sale of real estate	406,835
Paid by the Company	9,328,383
Sinking fund debentures purchased	115,000
Net changes in other assets and liabilities	820
	15,906,149
Increase in cash	1,494,642
	$17,400,791

PURCHASER'S STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Sections 64 and 65 of The Securities Act (Ontario) provide, in effect, that where a security is offered to the public in the course of distribution:

(a) a purchaser will not be bound by a contract for the purchase of such security if written or telegraphic notice of his intention not to be bound is received by the vendor not later than midnight on the second business day after the prospectus or amended prospectus offering such security is received or is deemed to be received by him or his agent, and

(b) a purchaser has the right to rescind a contract for the purchase of such security, while still the owner thereof, if the prospectus or any amended prospectus offering such security contains an untrue statement of a material fact or omits to state a material fact necessary in order to make any statement therein not misleading in the light of the circumstances in which it was made, but no action to enforce this right can be commenced by a purchaser after the expiration of 90 days from the later of the date of such contract or the date on which such prospectus or amended prospectus is received or is deemed to be received by him or his agent.

Reference is made to the said Sections for the complete text of the provisions under which the foregoing rights are conferred.

CERTIFICATE OF REVENUE PROPERTIES

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by Part VII of The Securities Act and the regulations thereunder.

Dated: September 12, 1973.

"M. GOLDHAR"	"C. H. TOD"
President	Vice-President

On Behalf of the Board

"P. W. HELLEN"	"R. A. BAIN"
Director	Director

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